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GOVERNMENT AND ADMINISTRATION

Parliament

LIBERAL AGREEMENT WITH THE GOVERNMENT TO END

The Parliamentary Liberal Party has announced that, at the conclusion of the present session of Parliament, its agreement to support the Government will end.

In a statement on 25 May, Mr David Steel, the Leader of the Liberal Party, said that the party's agreement to work with the Government (see pp 143 and 331, 1977) would lapse at the end of the present [1977-78] session of Parliament. He stated that the agreement had 'achieved the main objective of economic recovery'. The dangerously upward trends in inflation which the country had suffered since 1972 had been successfully reversed. Liberal MPs, said Mr Steel, would continue to co-operate with the Government until the legislative programme of the present session was completed.

The Prime Minister, Mr James Callaghan, issued a statement on the same day saying that the arrangement between the Government and the Parliamentary Liberal Party had worked well. Their support in the present session would ensure that Parliament could complete necessary legislation including the Bills on Scottish and Welsh devolution. Mr Callaghan said that the Cabinet would consider arrangements for the next [1978-79] session of Parliament during the early autumn. [The next session will be the fifth and therefore final one of the present Parliament; it will be followed by a general election unless one is called beforehand.] Mr Callaghan said that there would be no let-up in the battle against inflation. He expressed his appreciation of the co-operation between ministers and the Liberals and thanked Mr Steel for his contribution in enabling the Government to bring to fruition policies that were generally acknowledged to have brought considerable benefits to the country.

BY-ELECTION AND STATE OF THE PARTIES

A by-election and the deaths of two MPs have altered the state of the parties in the House of Commons.

The Labour Party retained the seat at Hamilton in a parliamentary by-election on 31 May. The Labour candidate, Mr George Robertson, won by a majority of 6,492.

The results were as follows:

G. Robertson (Labour)	18,880
M. MacDonald (Scottish National Party)	12,388
Lord Scrymgeour[1] (Conservative)	4,818
F. McDermid (Liberal)	949

Some 72 per cent of the electorate voted.

Following the by-election and the deaths in May of the Labour MPs for Manchester, Moss Side, Mr Frank Hatton, and for Penistone, Mr John Mendelson the state of the parties is now as follows:

Labour	306
Conservative	282
Liberal	13
Scottish National	11
Official Unionist (Northern Ireland)	7
Plaid Cymru (Welsh Nationalist)	3
Independent Unionists (Northern Ireland)	2
Scottish Labour	2
Democratic Unionist (Northern Ireland)	1
Independent (Northern Ireland)	1
Social Democratic and Labour (Northern Ireland)	1
Vacant	2
TOTAL	631

In addition there are the Speaker of the House of Commons and his three deputies (the Chairman of Ways and Means and the first and second Deputy Chairmen of Ways and Means). They do not vote in debates except in their official capacity in the event of a tie.

[1]Lord Scrymgeour is eligible to stand for election to the House of Commons as he is not a member of the House of Lords, but has a courtesy title as the eldest son and heir apparent of the Earl of Dundee.

Northern Ireland

Talks took place in Dublin in May between the Secretary of State for Northern Ireland and the Irish Minister for Foreign Affairs at which the political situation in Northern Ireland, security co-operation and economic co-operation were discussed. The British Prime Minister and the Irish Prime Minister met informally in Copenhagen in April. The Government has accepted the recommendation of the Speaker's Conference on Electoral Law that Northern Ireland representation in the House of Commons should be increased but the new constituencies will not be drawn up in time for the next general election. The third annual report of the Standing Advisory Commission on Human Rights has been published. A transport plan for Belfast has been drawn up and an American manufacturer of components for the electronics industry has announced a major new investment in the Province. An Act has been passed which will facilitate the establishment of integrated schools where local parents and school authorities so wish.

UK-IRISH TALKS

Talks took place in Dublin on 5 May between Mr Roy Mason, Secretary of State for Northern Ireland, and Mr Michael O'Kennedy, the Irish Minister for Foreign Affairs. Mr Mason was accompanied by Mr Frank Judd, Minister of State at the Foreign and Commonwealth Office, and Mr O'Kennedy by the Minister of State at the Department of Foreign Affairs, the Minister for Justice and the Minister for Economic Planning and Development. The meeting was one of a series of regular contacts established by the British and Irish Governments to exchange views on matters of mutual interest, and topics covered in the discussion included the political situation in Northern Ireland, security co-operation and economic co-operation. The principal paragraphs of the communiqué issued after the talks were as follows:

It was acknowledged that there was a difference of approach between the British and Irish Governments towards seeking a basis for long-term lasting peace and stability in Northern Ireland. Ministers were, however, in complete accord about the need to make political progress in the short term and agreed to encourage the political parties in Northern Ireland to come together in a system of devolved Government based on the principle of partnership which both sections of the community could support and sustain. It was accepted that political progress in Northern Ireland required that the political parties there accept that this was the way forward and work together to achieve it.

On security it was agreed that the British and Irish Governments would continue to work together, exchange information and co-ordinate their efforts to ensure the maximum efficiency of the common fight against terrorism. The ministers noted with satisfaction the effective and constantly developing co-operation between the Gardai and the RUC [Royal Ulster Constabulary].

The ministers received and endorsed the recommendations of the reports of the steering group set up, following the meeting in September 1977 between the Prime Minister and the Taoiseach, to review the arrangements and opportunities for economic co-operation with particular reference to Northern Ireland.

The reports, which will be made public shortly, review the extensive economic contacts which exist at present, identify areas where co-operation could be improved and recommend specific projects for detailed studies.

The ministers announced that there would be an early application for EEC funds with a view to starting a study of the [Lough] *Erne catchment area. The study . . . followed an initiative by local authorities on both sides of the border. Consultants would be employed to assess and report on the development potential of the Erne catchment area with reference to the development of tourism amenities in matters such as accommodation, access and marketing and the development of land resources through arterial drainage.*

It was also agreed by ministers that the joint steering group would meet later this year to review progress on economic co-operation generally.

Talks Between British and Irish Prime Ministers

Private informal talks were held on 7 April between Mr James Callaghan, the British Prime Minister, and Mr Jack Lynch, the Irish Prime Minister, who were in Copenhagen for the European Community heads of Government meeting. They looked back to their discussion in September 1977 and reaffirmed the views expressed in the communiqué following that meeting (see p 406, 1977). They reviewed progress since then in the political, economic and security fields and agreed that there should be further meetings between ministers as necessary.

NORTHERN IRELAND REPRESENTATION

The Prime Minister announced in the House of Commons on 19 April that the Government had accepted the recommendation of the Speaker's Conference on Electoral Law that the number of parliamentary constituencies in Northern Ireland should be increased from 12 to 17 (see p 83) and that in order to be able to overcome practical difficulties the Boundary Commission should be given power to vary this number to a minimum of 16 and a maximum of 18. Mr Callaghan said that, as parliamentary circumstances permitted, the Government would introduce the necessary legislation but, because of the time required by the Boundary Commission for Northern Ireland to fix the new constituency boundaries, the next general election would take place on the existing basis.

HUMAN RIGHTS

In reply to a question in the House of Commons about the Third Annual Report of the Standing

Advisory Commission on Human Rights[1] (*Hansard*, 2.3.78, written answers, cols 345-6), Mr Mason said the report, published that day and covering the year ended November 1977, referred to two important reports presented by the Commission during the year. The first looked at the case for changes in the law relating to divorce and homosexual offences (see p 326, 1977) and the second considered the existing legal protection for human rights in Northern Ireland and examined in particular the case for a Bill of Rights (see p 469, 1977). The Commission had also offered him further advice on the Incitement to Hatred Act (Northern Ireland) 1970 and had offered helpful comments on the question of family law reform. Mr Mason went on to say that the Commission had expressed concern at the constraints on its activity placed upon it by its statutory remit and its limited resources. While it must have regard to the terms of the Northern Ireland Constitution Act 1973 [under which it was established] he would not wish the Commission to interpret its role too narrowly. He had therefore asked it to give him details of the work it would like to do and what additional resources it might need to carry it out.

TRANSPORT PLAN FOR BELFAST

A transport plan for Belfast involving expenditure of some £100 million was announced on 28 April by Mr Roy Mason in a speech at the City Hall. Mr Mason said that the plan would contribute substantially to the vast programme going on to restore to Belfast the amenities and qualities of a capital city. It was drawn up after a thorough investigation by a firm of consultants and a lengthy public inquiry. Features of the plan include: a dual carriageway link between the M1 and M2 motorways and the harbour which will benefit industry and commerce; a six-lane cross-harbour bridge to allow through traffic to by-pass the city centre; a rail link between two railway stations; an increase of about 50 buses in the fleet serving Belfast; a central ring road system to take traffic from the immediate city centre; a new bridge over the River Lagan; and extension of pedestrianisation in the city centre with a new car parking policy to discourage all-day parking.

Mr Mason said that the Government was committed to the reconstruction and development of the city. Ministers were considering ways of promoting and maintaining employment and of assisting areas of need (see p 215, 1977). The new construction jobs arising from this transport programme would make a further contribution to tackling the unacceptably high level of unemployment.

NEW UNITED STATES INVESTMENT

A major new investment in Northern Ireland by the American AVX Corporation was announced on 8 March by Mr Roy Mason at a meeting of the Northern Ireland Committee of the Irish Congress of Trade Unions. The Corporation, which is the leading manufacturer in the United States of ceramic capacitors for the electronics industry, will establish a new manufacturing plant in a government factory at Coleraine, County Londonderry. Ceramic capacitors will be produced for the data-processing, telecommunications, defence, home entertainment and other electronics industries. Production is planned to begin later this year; initially, 300 people will be employed, increasing to 600 at the end of three years. Welcoming the decision by the AVX Corporation, Mr Mason said that there were already 30 American-owned manufacturing plants in Northern Ireland, including Monsanto, Du Pont, Goodyear and Ford. They constituted the largest foreign investment in the Province and provided about one job in 12 in the manufacturing sector – in all some 18,000 jobs. This represented investment amounting to some £400 million since 1960 (at 1976 prices). He regarded the decision by the AVX Corporation as further evidence of the continuing confidence of international companies in Northern Ireland as a manufacturing base within the European Community.

THE EDUCATION (NORTHERN IRELAND) ACT

The Education (Northern Ireland) Act 1978, which was introduced into the House of Lords as a private member's Bill by Lord Dunleath, received the Royal Assent on 25 May. The purpose of the Act is to facilitate the establishment in Northern Ireland of schools likely to be attended by pupils of different religions. It makes provision for a new category of school – the 'controlled integrated school' – which would be managed by a committee containing representatives of both the Roman Catholic and Protestant school authorities together with representatives of parents and of the appropriate area education board. Such a school would be financed wholly from public funds.

Any existing school can choose this arrangement provided the local parents and the relevant school authorities support the change. The Act contains safeguards to ensure that such a change could only take place with the agreement of all concerned so there would be no question of integration being introduced in an area where it was not wanted.

Shorter Notes

THE CIVIL LIST

The amounts payable from central funds to the royal family in the calendar years 1977 and 1978 were set out by the Treasury recently (*Hansard*, 18.5.78, written answers, cols 271-2). The funds are made available under the Civil List Acts to provide for expenses incurred by members of the royal family in the course of their official duties. Increases for 1978 are directly linked to the increased costs of carrying out these duties. For 1978 the Queen's Civil List was estimated to be £1,950,000 (compared with £1,903,000 in 1977). The amounts for other mem-

[1] *Third Report of the Standing Advisory Commission on Human Rights. Annual Report for 1976-77.* HMSO, 50p. ISBN 0 10 219978 7.

bers of the royal family for 1978 are as follows: Queen Elizabeth, the Queen Mother, £175,000; the Duke of Edinburgh, £93,500; Princess Margaret, £59,000; Princess Anne, £60,000; Prince Andrew, £17,262; Princess Alice, Duchess of Gloucester, £30,000; the Duke of Gloucester, £39,000; the Duke of Kent, £60,000; Princess Alexandra, £60,000; and Princess Alice, Countess of Athlone, £6,500. The sum total of these amounts is £2,550,262, which is an increase of just over 6 per cent on the 1977 total of £2,403,000.

The amounts shown combine sums directly payable from the Consolidated Fund (see pp 91-2, 1975) with supplements, made by the Royal Trustees, which are subject to House of Commons approval (see p 3, 1976). No special provision is made for the Queen's eldest son, Prince Charles, who is entitled to the net revenues of the Duchy of Cornwall, though, at present, he surrenders half to the nation. The next eldest son, Prince Andrew, attained the age of 18 in February 1978 and became eligible for a sum of £20,000 in a full year. However, the Queen intends to limit the initial amount paid to him to £600 a year, the balance to be accumulated by the Royal Trustees. The sums payable in respect of the last four members of the royal family listed above, amounting to £165,500 in 1978, are matched by payments made into the Consolidated Fund by the Queen.

EXTERNAL AFFAIRS AND DEFENCE

The Queen's Visit to Germany

The Queen, accompanied by the Duke of Edinburgh, paid a state visit to the Federal Republic of Germany from 22 to 26 May. (This was the Queen's second state visit to that country, the first having been in 1965.) On 24 May, the Queen visited Berlin.

Speeches in the Federal Republic

In her speech at the state dinner in Bonn on 22 May, the Queen said that she believed that her first state visit, in 1965, had begun 'a new phase in the post-war relationship between our countries'. She recalled a visit in 1977, when she had been the Federal President's guest after reviewing British troops for her Silver Jubilee – 'an occasion which symbolised so well our NATO partnership'. That visit had reminded her of the warmth of the reception in 1965. 'The other members of my family,' said the Queen, 'who so often visit Germany to see our troops and encourage our trade, bring back the same happy impression of our relationship.' During the present royal visit, the Duke of Edinburgh would be visiting Manching to inspect the Tornado aircraft, 'perhaps the biggest joint defence enterprise of its kind anywhere in the world'. [This multi-role combat aircraft is being developed jointly by Britain, the Federal Republic and Italy.]

The Queen pointed out that 'a state visit is a public affirmation of friendship'. The closeness of the relationship between the two Governments was self-evident but 'the meeting of minds outside government' was no less important. In this connection the Queen mentioned the Anglo-German Foundation for the Study of Industrial Society, and said that the British Government had decided to recognise the importance it attached to the Foundation's work by making 'a substantial contribution' every year for the next five years. Other examples of non-governmental co-operation quoted by the Queen were the Academic Exchange Service for scientists; the Königswinter meetings which 'have for nearly 30 years provided annual refresher courses in the Anglo-German relationship for politicians, journalists and academics. . .'; the 'twinnings', that is, partnerships between British and Federal German cities; and, 'perhaps most important of all, . . . the two-way traffic of young people' as students and tourists.

The Queen said she believed that the friendship between the two countries had 'changed the course of history in Europe' and had made 'a tremendous contribution' to peace. 'Britain and the Federal Republic of Germany', she concluded, have 'joined their futures together – in NATO, in the European Economic Community, and in the friendship of peoples. Together we shall meet with new hope the challenges of this complex modern world.'

At the lunch given by the Chancellor, Herr Helmut Schmidt, in Bonn on 23 May, the Queen pointed out that, in the United Nations, the two Governments, together with their friends, were 'seeking to solve some of the intractable problems of southern Africa'. In the North Atlantic Alliance, the two nations' navies, armies and air forces 'serve side by side in the joint defence of our freedom'. Britain had a treaty obligation to station forces in the Federal Republic and intended to maintain that obligation 'for as long as is necessary'. 'Over the years', added the Queen, 'thousands of my soldiers and airmen and their families have lived happily on German soil in an atmosphere of harmony which reflects great credit on their German hosts and on themselves. We are grateful, Mr Chancellor, for this continuing hospitality.'

Referring to Britain's being the Federal Republic's partner in the European Community, the Queen said: 'The process of adaptation has not been easy for us. But the decision was taken by our people in a referendum and was ratified by Parliament. So we are now playing our full part and doing our best to make our membership effective.'

The Queen emphasised that Britain and the Federal Republic 'have developed a relationship of a scope and depth that is quite remarkable. Based on common interests, it has developed into mutual trust.'

Speech in Berlin

In her speech in the Memorial Church in Berlin, the Queen pointed out that the church was an outstanding example of the progress which the city had made in its renewal since her 1965 visit. 'But', she went on, 'it has another significance in recalling what unites us from the past. Three centuries ago Berlin had established itself as a refuge for victims of religious and political persecution; so had Britain. Exactly 100 years ago the heads of our Governments met here, at the Congress of Berlin, with the other European leaders in a historic attempt to balance the interests of east and west in Europe. Today Berlin and Britain are joined by a multitude of ties . . .; the basis for a confident and shared future.'

In conclusion, the Queen told the people of Berlin: 'My Government and my people stand beside you. My soldiers and airmen stationed in Berlin embody

the British commitment to defend your freedom for as long as need be; till the divisions in Europe – and in your city – can be healed.'

European Community

The agreement on agricultural support prices reached in May has resulted in the lowest increase since Britain's accession to the Community. Other Council decisions include an agreement on a programme of structural reform for agriculture in the poorer Mediterranean regions of the Community. The Governments of the Nine have issued a declaration on the sentencing of Soviet citizens who have been engaged in monitoring the implementation of the Helsinki Final Act.

AGRICULTURE

Agreement on Prices and Related Matters

The Council reached an agreement on prices for 1978-79 and some related matters at its meeting of 8-12 May, after what the Minister of Agriculture, Fisheries and Food, Mr John Silkin, in his House of Commons statement on 12 May (*Hansard*, cols 1605-20) called 'prolonged and difficult negotiation'. The Council first discussed these questions in December 1977, and it continued the discussion on three subsequent occasions before the May meeting (see pp 9, 118 and 150-1).

Prices

The increases in support prices agreed by the Council average some 2·25 per cent. Mr Silkin pointed out that this was the lowest increase since Britain's accession to the Community, and that it represented a further reduction of prices in real terms. [The Government's central aim for the reform of the Common Agricultural Policy (CAP) has been the reduction of Community agricultural prices in real terms (see p 118).]

Milk and Milk Products

Mr Silkin noted that the increase in support prices for milk had been held to 2 per cent. Milk is one of the products in structural surplus in the Community, and an action programme for dealing with this problem was initiated in May 1977 (see p 186, 1977). The present agreement reduces the co-responsibility levy payable by milk producers, which was imposed as part of the programme, from 1·5 per cent to 0·5 per cent of the target price. The Minister told the House of Commons that the overall position in the milk sector was to be reviewed in the autumn, when the Council would also be considering whether to suspend intervention buying (for the purpose of price support) of skimmed milk powder.

Mr Silkin said that agreement had been reached on regulations which 'fully and permanently safeguard the future of the milk marketing boards' (see p 118). He added that the Community's butter subsidy for Britain (see p 186, 1977) would continue until 31 March 1979; there had also been agreement in principle to the payment, if necessary, of a national subsidy to Northern Ireland milk producers. [The disparity between the 'green pound' rates in the United Kingdom and the Irish Republic is said to confer a competitive advantage on producers in the Republic *vis-a-vis* those in Northern Ireland.]

Pigmeat

Britain has long opposed the method by which monetary compensatory amounts (MCAs) on pigmeat have been calculated, as this has resulted in what has been regarded as an excessively high subsidy on imports of pigmeat, to the prejudice of British producers (see p 61, 1977). Mr Silkin told the House of Commons that the MCAs on pigmeat would be reduced by 8 per cent as a result of a Council decision to reduce from 85 per cent to 78 per cent the proportion of the basic price on which they are calculated. This change, together with the remaining 2·5 per cent devaluation agreed in February (see p 46) would result in a reduction of 16 per cent in the MCAs. In addition, the co-efficients used for calculating MCAs on processed pigmeat would be reviewed in the coming months.

Beef

The Council agreed to the continuation of the variable beef premium system in Britain (see p 186, 1977, and p 170, 1976).

Monetary Matters

In November 1977, the Commission had proposed that existing MCAs should be phased out over a seven-year period. One result of this in any member [redacted], country whose currency's market exchange rate has fallen, would have been an increase in prices of imported food (see pp 45-6). The Council, said Mr Silkin, had 'agreed that it should aim to reduce MCAs but only in the context of a satisfactory price policy and of a more stable relationship between Community currencies. This means, in effect', he added, 'that the proposal for the automatic phasing-out of MCAs is now a dead letter.'

The 'green' rates of several of the member states' currencies were changed: there were devaluations for France (3·6 per cent for the marketing year 1978-79 and another 3·6 per cent for 1979-80), Italy (5 per cent) and the Irish Republic (6 per cent) and a 0·3 per cent revaluation for the Federal Republic of Germany.

Olive Oil and Wine

The Council agreed on an improved support regime for olive oil, and on new arrangements for wine which will include both marketing measures and the improvement of the industry's structure.

Mediterranean Regions

The Minister reported that agreement had been reached on a five-year programme of structural reform for agriculture in the poorer Mediterranean regions of the Community, the rates of the Community contribution varying up to 50 per cent.

Other Aid

Mr Silkin added that another £45 million was being provided for the Community's individual projects

scheme, and projects involving grants on United Kingdom fishing boats would be eligible for this aid. Community aid was also to be given to a joint programme of arterial drainage on both sides of the border between Northern Ireland and the Irish Republic.

Overall Effect

Noting that the overall effect of the 'package' in Britain would be to increase the food price index by 0·5 per cent and the agricultural industry's returns by about £35 million-£40 million (in addition to the £150 million-£200 million resulting from the recently announced devaluation of the green pound [see pp 45-6], Mr Silkin concluded: 'The package as a whole represents a fair balance of interests and makes a definite step in the improvement of the CAP'.

DECLARATION ON SOVIET DISSIDENTS

On 24 May the Governments of the Nine issued a declaration on the recent sentencing of Soviet citizens who have been engaged in monitoring the implementation of the Helsinki Final Act by the Soviet Union, including the case of Dr Yuri Orlov (see p 205).[1] The statement noted that the Nine had consistently deployed their joint efforts in an endeavour to promote a policy of *détente* in Europe by such means as their active contributions to the Conference on Security and Co-operation in Europe and in the follow-up to that Conference (see pp 115-17). Recalling that in the Helsinki Final Act the participating states had committed themselves to respect the right of the individual to know and act upon his rights and duties in the field of human rights, the Governments of the Nine declared that they found it 'incompatible with the Final Act and with *détente* that individuals should be prosecuted and sentenced for having demanded the implementation of the Final Act in their own country'.

The Prime Minister's Speech to the UN Special Session on Disarmament

The Prime Minister, Mr James Callaghan, made a speech on 2 June to the United Nations General Assembly's special session on disarmament, held in New York. He said that the essential task of the special session was to provide a stimulus and a framework for the stabilisation and reduction of world armaments. A secondary task would be to achieve restraint upon the use of armed force as an instrument of foreign policy. He outlined Britain's general approach to disarmament issues, and then reviewed these in more detail, taking first existing negotiations on nuclear and conventional weapons limitations, and then proposing a range of other topics on which agreement might be pursued. He concluded by calling for states to achieve consensus on a realistic short-term programme to be reviewed in 1981.

UN Special Session

The UN General Assembly's special session on disarmament began on 23 May and will end on 28 June. Its general aim is to give a new impetus to the search for arms control and disarmament agreements.[1] The decision to convene the special session was taken on 21 December 1976, following an initiative by the non-aligned group. It represents the largest international gathering on disarmament ever held.

A preparatory committee was established which drew up a four-part 'draft final document' to be used as the basis for the Assembly's considerations. The four parts are an introduction, a declaration on disarmament, a programme of action, and a section on machinery for disarmament negotiations.

Mr Callaghan's Speech

The Task Before the Special Session

Mr Callaghan began by defining 'the essential task of the special session'. This was 'to provide the stimulus and the framework to set us on the road of stabilising and reducing the world's armaments, in place of the present escalation'. A recent meeting of the North Atlantic Alliance in Washington had shown the members of the Alliance to be united in the belief that 'we are most likely to preserve the peace if there is a military balance of strength between East and West'. The meeting had also shown, however, that there had grown up 'a major concern over the need to restore the Western side of that balance in the face of military improvements in the arms of the countries on the Eastern side, particularly in massive conventional force, which threaten to upset that balance'. It was the West's 'deeply-held preference' for both sides to achieve a balance based not on competition but upon mutual restraint. Therefore, said Mr Callaghan, 'we . . . prefer balanced disarmament under international inspection, where each government reduces its armaments as it perceives its adversary reducing his'. This would not only make for national security but would increase security in a wider sense by releasing human and material resources for redeployment on economic and social projects.

The influence of the special session could be used straightaway, said Mr Callaghan, to achieve a second kind of restraint – 'restraint upon the use of armed force' in behaviour between nations. 'Countries will not renounce the further build-up of military power, still less will they take the first steps to reductions in armaments, if they see others, whether directly or by proxy, using existing military force as an instrument of foreign policy to seize advantage wherever they can.' Mr Callaghan alluded in

[1]In addition to Dr Orlov, two other Soviet citizens, Mr Z. Gamsakhurdia and Mr M. Kostava, who were charged with having carried out agitation and propaganda against the state, were both sentenced on 19 May to three years' imprisonment and two years' exile.

[1]See *United Nations Special Session on Disarmament*, COI, Factel No 680, and COI reference pamphlet *Arms Control and Disarmament*, R6031/77.

particular to the problems of Africa[1] where some saw the use of military force as a 'quick solution'. However, he said, 'history has surely taught us that such a policy almost always creates as many problems as it is intended to cure'. There was cause to be grateful that the leaders of newly established independent African states in the 1950s had recognised that the best hope for Africa lay in accepting existing frontiers, arbitrary though some of them might be. Further, they had committed themselves to the peaceful settlement of disputes and to a rejection of outside interference in African internal affairs. Now it seemed that these principles might be superseded by new developments. But this would not necessarily be in Africa's interest. 'Those of us', said Mr Callaghan, 'who played a tiny part in helping Africa to emerge from colonialism are not content to see her misused by a new imperialism or become – as she might – a new breeding ground for discord between East and West.' The old principles were best for the struggling people of Africa. He urged them to speak out clearly or it would be too late and they would find themselves caught up in an arms race, with growing instability for their countries and increasing danger of wars.

The British Approach

Britain was willing to play a central role in the search for disarmament, said Mr Callaghan. It had been active in negotiations on a partial test ban, on non-proliferation and on the abolition of biological weapons, and was currently involved in the negotiation of a comprehensive ban on nuclear tests (see p 86). Britain's approach was step by step: 'to persevere in placing the building blocks of peace one upon the other'. In Britain's view it was over-ambitious and led to disillusion to make complete disarmament an immediate objective. 'But, equally, we do not believe that our activities in the various fields should be disconnected. The building blocks should each be put in place so that they fit together, strengthen each other, and provide a new base for further co-ordinated advance.' If the special session could provide a clear framework on which to build, said Mr Callaghan, it would accelerate the rate of construction.

Britain had already put forward specific ideas in a draft programme of action submitted by Western countries generally (see pp 47-8). Now there were further proposals to put before the special session for a framework in which real progress could be made.

First, Mr Callaghan considered matters already under negotiation.

Comprehensive Test Ban Treaty

A comprehensive test ban treaty would prevent both the development of more sophisticated nuclear arms and the extension of existing nuclear weaponry to states that did not already possess it. Agreement would have to be reached on provisions enabling all of the participants to check that the treaty was being adhered to. Mr Callaghan emphasised that verification was an essential ingredient of this and other arms control treaties. Inspection under agreed rules and seismic monitoring of various kinds would be necessary. There had been difficult issues to resolve at the tripartite negotiations in Geneva. However, he was able to tell the special session that Britain was ready to put forward new proposals which it believed would be acceptable. It was hoped that as many states would adhere to the treaty as possible; it would apply to nuclear and non-nuclear states alike.

Strategic Arms Limitation

It would be in the interests of all states, said Mr Callaghan, if the United States and the Soviet Union could reach early agreement in their second set of strategic arms limitation talks (SALT). The agreement which seemed to be emerging would have Britain's full support. It would formally establish a strategic parity and maintain stability. These were 'essential steps to be taken if the world is to be spared the risks, and the United States and the Soviet Union are to be freed from the colossal costs, of an uncontrolled and ultimately futile strategic nuclear arms race'. It was not too soon, he said, to look forward to a third SALT agreement, which should aim to reduce significantly the numbers of strategic systems and constrain their development and refinement. In this respect he was encouraged by what the United States and the Soviet Union had said at the special session.

However, said Mr Callaghan, 'SALT cannot be the whole story' on nuclear weapons. 'New initiatives are called for: we must seek out new components for a wide-ranging programme of disarmament agreements.' There was concern in Western Europe, for example, about those Soviet weapons which were 'targeted specifically upon our countries'. There were many such systems, whose range was less than strategic in the SALT definition but was still sufficient to reach the countries of Europe and elsewhere. No doubt the Soviet Union and its allies had equal concerns. There were formidable problems about working towards further nuclear restraint in Europe, not least because of the inequalities and asymmetries built into the present situation. But these would have to be solved, he said, 'if we are to achieve the objectives of reducing tension and improving trust, while maintaining the security of the states concerned – the prerequisites of genuine disarmament'. With its allies Britain would study the matter with great care.

Security Assurances for Non-nuclear States

Mr Callaghan said it was Britain's long-established policy that nuclear weapons should never be used except in self-defence under the most extreme circumstances. President Carter's statement to this effect last October had been most welcome and Britain had endorsed it (see pp 419-20, 1977). Non-nuclear states were entitled to look for more specific assurances. Accordingly, Britain was prepared to support the establishment of further nuclear weapon-free zones, such as the one

[1] At a press conference held in Washington on 31 May after the NATO Council meeting, Mr Callaghan referred in particular to the problems in Ethiopia and Somalia (see pp 119-20) and in Zaire. [During May there had been fighting in the Shaba province of southern Zaire between government troops and invading rebel forces. United States Government sources had stated that Cuban troops in Angola had provided backing for the rebels.] Mr Callaghan said the situation in Zaire arose partly from boundary problems and could not just be seen in terms of Soviet and Cuban advance against the West.

already set up in Latin America. Britain had been the first nuclear weapon state to adhere to the protocols of the treaty establishing that zone (see p 1093, 1969 and p 1012, 1970).

Non-proliferation

Mr Callaghan said that states needed to make 'acceptable agreements that will strengthen the technical barriers to the spread of nuclear arms, while making it possible for all countries who so desire to have access to nuclear energy for peaceful purposes'. The keystone was the non-proliferation treaty (see pp 621-7, 1968), to which over 100 states were now parties. Britain recognised that some countries had reasons of their own for preferring not to adhere to the treaty. It was open to them to renounce nuclear weapons in other ways, 'in particular by accepting the International Atomic Energy Authority's full-scope safeguards on their nuclear facilities'. Britain believed that these full safeguards made a major contribution to international confidence, in a way which was non-discriminatory, and urged non-aligned countries to look at them in this light. It would be making real progress if efforts to curb nuclear weapons proliferation could be matched with a general acceptance of the safeguards on all peaceful nuclear facilities.

Force Reductions in Europe

On the question of conventional arms and the problems of regional imbalances, Mr Callaghan said that the countries of Europe and North America were making 'a serious effort to reduce tension and to wind down the level of military confrontation through talks on mutual and balanced force reductions' [MBFR – see pp 11 and 86]. A successful conclusion of these long-drawn-out negotiations would be valuable, not only for the furtherance of the disarmament process itself, but also as a practical demonstration that *détente* has meaning. In this context Mr Callaghan welcomed the statements in the joint declaration issued by President Brezhnev and Chancellor Schmidt during Mr Brezhnev's recent visit to the Federal Republic of Germany that 'approximate equality and parity are adequate guarantees of defence and that measures of arms control in keeping with this principle would be of great importance'. He understood that this applied both to conventional and nuclear weapons.

In the MBFR talks Britain and its allies had already proposed the establishment of a common collective manpower ceiling on each side, and a reduction in the present imbalance in battle tanks. They were now awaiting a response to new proposals they had recently put forward designed to meet concerns expressed by the Warsaw Pact states. He acknowledged that the road to disarmament lay through detailed and complex negotiations, but Britain believed there was a need for 'the political will to succeed and to generate the energy that will finish the job'. He had therefore proposed at the NATO heads of Government meeting that foreign ministers from both sides should meet to give some political impetus to MBFR talks. This had been agreed and an approach would be made in due course to the Soviet Union. MBFR was of course concerned only with a limited area of central Europe, but it could be built on, and he believed that states should welcome and consider very carefully France's proposal for extending the geographical scope of negotiation about military forces in Europe.

Confidence-building Measures

Mr Callaghan said that in parallel with other efforts for disarmament a pattern of measures could be established that would build confidence by reducing the scope for suspicion of a nearby country's military intentions. Europe had gained experience in this since the 1975 conference on security and co-operation in Europe (see p 86) and Britain had proposed exchanges of information, of observers and of military visits in regions where confidence needed fostering. It had also proposed that the UN should study how the modern means of surveillance installed in the Sinai peninsula could be applied elsewhere. 'The acceptance of methods of verifying that arms control agreements are being observed is another form of confidence-building', said Mr Callaghan. Britain had voluntarily accepted international inspection of its civil nuclear facilities; as part of a comprehensive test ban agreement, it was willing to play a full part in an international system of seismic monitoring; and it was willing to accept inspection of chemical manufacturing plants in Britain in compliance with any chemical weapons convention to which it became a party. He pledged Britain to accept on its territory 'whatever further measures of verification, including international inspection, are needed to underpin future arms control agreements'.

Chemical Weapons

Mr Callaghan said that Britain had no offensive chemical weapons capability and he called on all states to join Britain in rejecting 'these exceptionally horrible weapons'. Britain was asking that the question of a convention on chemical weapons – Britain having put forward a draft for one in 1976 – should be remitted for multilateral negotiations in the Conference of the Committee on Disarmament (CCD).[1]

Conventional Arms Build-up

There was a special responsibility resting on countries that supplied arms to others. Britain continued to show restraint, and at present supplied no more than 5 per cent of total world sales. But, said Mr Callaghan, unilaterally to cut off arms supplies to one country could itself potentially be a threat to peace. Only by countries acting in concert could the risk of proliferation be constrained. He said that the time was opportune for the UN to consider ways of restricting the sale of conventional arms. One approach would be to tackle the problem regionally and multilaterally with the involvement on an equal footing of both suppliers and recipients. He was therefore asking the special session to

[1]The CCD is an important forum for the discussion of disarmament topics. It meets in Geneva between sessions of the UN General Assembly, to which it sends an annual report. It began life in 1959 as the Ten-Power Committee on Disarmament when it had five NATO members (Britain, Canada, France, Italy and the United States) and five from the Warsaw Pact (Bulgaria, Czechoslovakia, Poland, Romania and the Soviet Union). Since then it has expanded with the addition of 21 further members from East, West and non-aligned nations.

launch a UN study on ways of limiting conventional weapons.

Disarmament and Development

Mr Callaghan noted that earlier speakers had referred to a link between disarmament and development. However, Britain thought it would not be helpful to the developing countries to make proposed increases in its aid programme (6 per cent per annum over the next four years) contingent upon advances in disarmament. None the less, Britain supported the Nordic proposal for a UN study of the relationship between disarmament and development. Of particular interest was the problem of converting arms production facilities to civil purposes.

Military Budgets

How to measure and compare military budgets was an unresolved issue. For too long some states had published defence budget figures which the world knew to be very incomplete. He appealed to them to end the practice. Britain urged that the system of measuring and reporting devised under the auspices of the UN Secretary-General should be tested by a representative sample of states and, if found satisfactory, implemented internationally without delay. Britain would be willing to participate by providing a full breakdown of its defence budget.

UN Peace-keeping

Mr Callaghan commended the suggestion made earlier in the special session by the Vice-President of the United States, Mr Walter Mondale, for the establishment of a UN peace-keeping reserve force. Britain believed that the peace-keeping endeavours of the UN had been among its most important and positive activities and had been proud to contribute, as it still did, in front-line contingents, in logistic support and in the provision of transport. Britain was ready to look at the concept of standing commitments in a constructive spirit.

Machinery for Disarmament

Mr Callaghan said that the CCD, which negotiated multilateral agreements, had done excellent work, but its structure could be improved. It was time to reform the co-chairmanship system, and he would like to see France and China playing their rightful roles. There might also be a case for adding more members to the CCD and making fuller arrangements for non-members to participate in its work. Britain would seek a close relationship between the CCD and the UN, and would urge an increasingly important role for the UN Secretariat, which might become a repository of data on disarmament.

Need for Consensus

The deliberations of the special session would have no lasting value unless it proceeded by consensus. 'We must try to settle our differences', said Mr Callaghan, 'and fix our sights on a short-term programme of action that we know we can achieve. We should distinguish between those measures which can be dealt with quickly and those which need to be considered over a longer term. We should set ourselves a realistic timetable and Britain will support the calling of another special session on disarmament in three years' time to assess the progress which has been achieved and to work out a further programme of action for the succeeding period.' . . . 'The greatest disarmament conference in the world's history', he continued, must be determined to transform its aspirations into action.

In conclusion Mr Callaghan drew attention to the scale of the diversion of resources to military activities. He quoted the American economist, J. K. Galbraith, who had said that there could be few more seemingly unequal political contests in the world than that between military spending and social needs. But Galbraith had added, ' "the contest, if dangerously weighted towards disaster, is not wholly unequal. Reason has power. So has compassion. People do wish to survive" '. Mr Callaghan was glad to take that as a text, and a challenge. He appealed to the session to resolve to meet again in 1981 so that the states could render account of what they had achieved – 'not in the fine words we have spoken but in the action we have taken'.

Anglo-Soviet Relations

The Foreign and Commonwealth Secretary, Dr David Owen, delivered a speech on Britain's relations with the Soviet Union to the Anglo-Soviet Parliamentary Group in London on 9 May. In his speech Dr Owen stressed the need to develop strong bilateral relations with the Soviet Union in all areas, and said that it was the Government's aim 'to continue this long-established search for a safer and more productive relationship'. This theme was repeated by the Prime Minister, Mr James Callaghan, when commenting in Parliament on the trial of the prominent Soviet dissident, Dr Yuri Orlov. The Foreign and Commonwealth Office has also issued a statement commenting on the detention of the Helsinki monitoring groups in the Soviet Union and on Dr Orlov's trial.[1]

SPEECH BY THE FOREIGN AND COMMONWEALTH SECRETARY

Dr Owen began by noting that the Soviet Union was a country that Britain could not afford to ignore: it was the world's second superpower; its policies impinged on Britain's national interests and those of Britain's allies and partners; it was engaged in many of the same international negotiations; and Britain could neither conduct its foreign policy nor make a real contribution to discussions in the Atlantic Alliance and the European Community unless it took proper account of the Soviet Union, and was adequately informed about its policies and intentions.

[1]For a statement by the European Community see p 201.

Bilateral Relations

Successive British Governments had, over the last 25 years, regarded it as important to develop relations with the Soviet Union, and it was absurd, said Dr Owen, for Britain to deny itself the opportunity to acquire a greater understanding of the Soviet Union's interests and preoccupations, and to forgo any opportunity to influence Soviet policies and thinking. 'By engaging each other in a dialogue on most subjects at differing levels', he said, 'we hope to build up a relationship which will reduce misunderstanding to a minimum and increase understanding.' It was right to work to reduce the differences of view that contrasting ideologies and interests would continue to generate, and to find solutions to the major issues: *détente*, arms control and disarmament, full implementation of the Helsinki Final Act (see pp 115-17), and ways of conducting East-West relations 'so that in the wider world they do not conflict with the pattern we have begun to build within Europe'.

Commercial Relations

Dr Owen went on to consider the commercial aspects of Anglo-Soviet relations, and pointed out that in 1977 the turnover of Britain's trade with the Soviet Union was about £1,000 million, with Britain's exports accounting for about £300 million. The trading performance of both France and the Federal Republic of Germany with the Soviet Union was better than that of Britain. It was encouraging, therefore, that British businessmen had recently signed contracts with the Soviet Union worth over £400 million. In April, a high-level group of Soviet trade representatives had taken part in a successful seminar organised by the Confederation of British Industry to discuss ways of increasing Anglo-Soviet trade, and later in May the Soviet Deputy Prime Minister, Mr Kirillin, would be visiting Britain for the next session of the Anglo-Soviet Joint Commission which was concerned with building up bilateral commercial relations.[1] 'All these things', said Dr Owen, 'contribute not only to better mutual understanding between the two sides, but also to prosperity and employment in both countries.'

Difficulties in Developing Relations

Dr Owen went on to say that 'given our different histories, ideologies and approaches to fundamental things like our commitment to a pluralist democracy and the relationship of the individual to the state', the development of Anglo-Soviet relations was bound to be at times difficult, 'and even a frustrating and slow process'. Inevitably there were setbacks, but these problems faced the United States, France, the Federal Republic of Germany and all Britain's other European Community partners as well. 'They rightly see good relations with the Soviet Union as a priority', said Dr Owen, 'and so emphatically does the United Kingdom.'

In conclusion, the Secretary of State said that the lesson of the last 25 years was that soundly based bilateral links between countries in East and West – in all fields, political, economic and cultural – were indispensable. For the better part of a generation, United States presidents and leading European statesmen had devoted their energies to building up these links. It remained the British Government's firm intention, in common with its partners in the Atlantic Alliance, to continue this long-established search for a safer and more productive relationship with the Soviet Union – a relationship which not only served the wider interests of the world, but also the national interests of Britain and the Soviet Union.

[1]The meeting of the Joint Commission was held from 23 to 25 May; the British delegation was led by the Secretary of State for Trade, Mr Edmund Dell.

TRIAL OF DR ORLOV

On 15 May Dr Yuri Orlov, a Soviet nuclear physicist, was put on trial in Moscow, charged with anti-state activities. In 1976 Dr Orlov had set up a group to monitor Soviet compliance with the provisions of the Final Act of the Conference on Security and Co-operation in Europe (CSCE, see pp 305-12, 1975). The trial ended on 18 May, when Dr Orlov was found guilty and given the maximum sentence of seven years' imprisonment and five years' internal exile.

On the day that Dr Orlov's trial began, the Foreign and Commonwealth Office issued a statement expressing anxiety at 'the prolonged detention of members of the Helsinki monitoring groups in the Soviet Union'. It said that 'the fact that the trial of Professor Orlov is now taking place is very disturbing', and pointed out that Dr Owen had made it clear, publicly and privately, that the British Government would continue to pay 'very close attention to the handling of these cases'. He had urged that no action should be taken that 'would reduce confidence in the implementation of the Helsinki Final Act, or call in question the commitment of the Soviet Union to it'. The statement ended by noting that in trying to promote greater respect for human rights throughout the world, the Government was not seeking to intervene in the internal affairs of other countries or to undermine their governments, but 'to honour the commitments of the CSCE Final Act and United Nations covenants'.

Prime Minister's Statement

In a statement in the House of Commons after the trial (*Hansard*, 18.5.78, col 771), Mr Callaghan said that if Dr Orlov had been convicted 'in respect of his attempt to monitor the Helsinki agreement, there can be no justification for a sentence on that account'. However, he went on to say that while he was strongly in favour of individuals making their feelings clear on this matter, there had to be good state relations with the Soviet Union. 'This is one of the two great states of the world', he said. 'We either live with her or we die with her'.

Southern Africa

The British Government's decision to continue the search for a negotiated settlement to the Rhodesian problem, the adoption by the United Nations General Assembly of a

'Declaration and a Programme of Action for Namibian Independence', and the publication of a code of conduct for employment practices by British companies operating in South Africa are treated in this article.

RHODESIA

In a major policy statement in the House of Commons on 4 May,[1] the Foreign and Commonwealth Secretary, Dr David Owen, reaffirmed the intention of the British and United States Governments to secure a negotiated settlement in Rhodesia and one that involved all the parties to the dispute. To this end, he announced, the Deputy Under-Secretary in the Foreign Office concerned with African affairs, Mr John Graham, and the United States Ambassador to Zambia, Mr Stephen Low, were to undertake negotiations in Africa with a view to securing the agreement of all the parties concerned to round table talks on Rhodesia. Mr Graham arrived in Lusaka on 1 June for consultations with Mr Low.

Dr Owen's Statement

'The central issue facing Rhodesia at this moment', Dr Owen stated, 'is how to end the fighting which currently ravages that country', and which 'makes whole tracts of the country answerable to the authority of whichever fighting forces happen to be operating in the area at any given moment'. There was also 'the grave danger . . . that the fighting will change from a traditional liberation struggle into a genuine civil war with fighting taking place between nationalist leaders in the name of a particular path towards independence and freedom. If this happens,' Dr Owen added, 'and one section of black nationalist leadership is identified with the white minority regime, there is a very grave danger that the other black nationalist leadership – the Patriotic Front – will seek support in its struggle, not just from countries sympathetic to its cause in Africa, but also from countries outside Africa.' He did not believe that the Patriotic Front wished to be placed in such a situation (it had constantly said that it did not want other people to fight battles for it) nor that the Front-Line States or South Africa wished 'this escalation of the conflict and internationalising of the war'.

Need for a Negotiated Settlement

'It is because', Dr Owen went on, 'many of the countries surrounding Rhodesia, holding differing political views and different forms of government, are aware of the gravity of the current situation that I have recently found growing support for Britain and the United States to continue their efforts towards a negotiated settlement.' He had no doubt 'that it is the responsibility of the British Government, with the United States Government, to continue, despite all the difficulties, to try to bring about an agreement which would permit elections under conditions of a ceasefire or, if this is unattainable, to achieve such a measure of political agreement between all the parties as would permit a genuine test of opinion of the people of Zimbabwe'. For its part, 'the British Government have no intention of giving up their attempt to achieve a negotiated settlement. We will not change the present situation of illegality in Rhodesia nor recognise any government there until we are satisfied, and this House is satisfied, that what has been achieved is acceptable to the people of Rhodesia as a whole. Nor will we contemplate, before being so satisfied, the lifting of economic sanctions. For us to recognise the internal settlement, as some irresponsibly now urge, would be for Britain to go back on the fifth principle[1] to which successive governments have honourably held.' In this context, Dr Owen pointed out that in 1972, at the time of the Pearce proposals (see pp 237-42, 1972), 'the then Government were not prepared to recognise the regime until not only the proposals had been shown to be acceptable to the people of Rhodesia but the necessary changes had been made to the Rhodesian Constitution and the process which they believed would lead to majority rule had been started. How can it now be seriously argued', he went on, 'that Britain should, in the midst of a major conflict which clearly demonstrates a divided nation, unilaterally and in direct contravention of the fifth principle recognise the internal settlement and lift sanctions? It would be utterly wrong to do so. It would leave Britain with barely a friend in the world, discredited and despised. It would also, even more importantly, be a betrayal of the people of Rhodesia as a whole.'

Britain, Dr Owen continued, had made it clear on numerous occasions that it would honour the Six Principles [see p 466, 1974]. 'Even now,' he added, 'faced by an internal settlement which we believe to be inadequate, which causes us many anxieties and which gives us grave doubts, were such a settlement to be demonstrably acceptable to the people of Rhodesia as a whole, despite the fact that it means continuation of the armed conflict, were elections to be conducted which were seen by this House of Commons to be fair and free, and were a new government to be installed with a new constitution which was clearly acceptable to the people of Rhodesia as a whole, we would be bound to honour our commitment. However', he added, 'we face a situation where it is far from clear that the internal agreement is acceptable to the people of Rhodesia as a whole.'

The Anglo-American Plan

The task facing the British and United States Governments, Dr Owen explained, was to pursue the objectives of 'a negotiated ceasefire and arrangements for a transitional administration which will allow fair and free elections and the emergence as soon as possible of an independent Zimbabwe'. The 'essence of this Anglo-American plan,' he went on, was 'the emphasis on a negotiation among the parties to the dispute,' and since the plan's announcement on 1 September 1977 [see pp 338-

[1]*Hansard*, cols 455-71.

[1]Since the illegal declaration of independence in 1965, Britain's policy in searching for a settlement of the problem has been based on Six Principles. The fifth of these states that the British Government would need to be satisfied that any basis for independence was acceptable to the people of Rhodesia as a whole.

40, 1977] there had been a steady movement towards some of its fundamental principles.

Under the plan, Dr Owen continued, 'it was always envisaged that sanctions would be lifted at the start of the transitional period. In order to achieve international support for the lifting of sanctions, we had to ensure the irreversibility of the process towards independence. This irreversibility is fundamental if we are to satisfy others that sanctions should be lifted and that recognition should be given to any government.' However, he pointed out, 'under the internal settlement there is no such guarantee of irreversibility, no transfer of power and no ceasefire. [Its] commitment to an early election under universal suffrage is crucial, as is the undertaking to release detainees and to start the process of registering voters. Regrettably, however, there is anxiety that it is the wish of some inside Rhodesia to postpone the date so recently fixed for elections and independence for the end of the year.'

One of the ways of getting as good a guarantee as possible that the transitional period would lead to an election, Dr Owen added, was to ensure the presence of the United Nations throughout the process. 'The United Nations would be observers of the election, they would be committed to the election process, the lifting of sanctions, and the recognition of the Government. That', he said, 'is a concrete way of achieving a fundamental guarantee.'

Round Table Talks

In this situation, Dr Owen stated, he was still convinced 'that round table talks are necessary as soon as we can ensure a reasonable chance of success at those talks'. He realised this would not be easy, but added that 'the areas of agreement are now sufficiently clear for us to have a reasonable chance of building on them and, providing that all the parties will be ready to negotiate without preconditions, quietly and in detail, we could prepare for successful talks'.

The Patriotic Front,' he explained, 'whilst reserving its negotiating positions on a number of important points, has expressed a readiness to come to the talks, and the parties in Salisbury, though expressing considerable reservations about whether future talks will contribute to a negotiated settlement, would, I believe, be ready to participate if they could be convinced of their value. I have therefore decided, in consultation with the American Secretary of State, to send Mr John Graham, the Deputy Under-Secretary in the Foreign Office concerned with African affairs, to Africa to work with the United States Ambassador to Zambia, Mr Stephen Low, and to stay there for as long as is necessary to carry out the preparatory work for successful round table talks.'

Council of Ministers

Turning to the issues around which future negotiations will revolve, Dr Owen said that the first of these was the question of the Council covering the transition. 'All parties', he explained, 'now want to have a Council of Ministers. All parties now believe this Council should effectively have legislative as well as executive powers. The difficult areas yet to be resolved relate to law and order and the constitution under which the Council will operate during the transition and the method of exercising its legislative authority and, of course, the composition of the Council itself . . . . The Anglo-American plan,' Dr Owen stated, 'had as one of its central themes that law and order and defence should be vested during the transition in a neutral authority. The front-line presidents have always seen the validity of this argument. At Dar-es-Salaam [in April, see p 153] the Patriotic Front proposed that a resident commissioner should hold reserve executive powers over defence and law and order. This is a very considerable advance and, though we still believe that these reserved powers should also cover external affairs and the recommendations of the electoral commission, and should also include legislative powers in those fields, the concept of crucial powers residing in the hands of a neutral authority has been agreed. It is true to point out, too,' Dr Owen added, 'that previously Bishop Muzorewa and the Reverend Sithole in consultation over the Anglo-American plan, supported this principle and indeed both argued at various stages in the discussions over the internal agreement for a neutral chairman and saw advantages in having responsibilities in the area of defence and law and order vested in such a neutral chairman. I have no doubt that in these sensitive areas during the transition it is right for the ultimate responsibility for defence and law and order to be held by an acceptable and neutral figure.

'Another major area', Dr Owen continued, 'is whether the Council should operate under the powers of the illegal 1969 constitution and its related Parliament or should have a new constitution specifically designed for the transition.' In February 1978, he explained, Britain and America 'had proposed that the transitional constitution should itself provide for the establishment of a Governing Council consisting of the Resident Commissioner and of 10, though it could easily be 20 or 30, other members, to represent the parties who participated in the Geneva Conference [see pp 11-13, 1977]. In this scheme the Resident Commissioner would have been required to consult the Governing Council except in relation to certain specified subjects reserved as his special responsibility such as, at the minimum, external affairs, defence, internal security and the recommendations of the electoral commission and to accept its advice if it represented the views of two-thirds of its membership. In Dar-es-Salaam', Dr Owen went on, 'the Patriotic Front argued for a majority position on any council but we made it clear to them that the British Government and the American Government could not support effective control of the Council being given to the Patriotic Front, since we felt that this was totally incompatible with the concept of a neutral transitional period and a free choice for the electorate. Nevertheless, it is clear now that all parties want more authority to be vested in the Council. If there is agreement to this, the British Government can certainly accept that. Though if there is to be a British Resident Commissioner with real responsibilities he must have the power to enable him to discharge them.

'Since then', Dr Owen added, 'there has also been a demand by the parties to the Salisbury agreement that they should be treated as a single entity and

that we should negotiate with them not as separate parties. It may be that the pattern of future negotiations will increasingly become one between the Patriotic Front on the one hand and the parties to the Salisbury agreement on the other. This is, anyhow, a decision for the parties to take. Hitherto, the British and American Governments have negotiated with the five parties represented at the Geneva Conference. A lot will depend on the cohesion and unity of the Salisbury agreement.'

Defence and Police Forces

'The second major area for detailed negotiation', Dr Owen stated, 'remains defence and police forces. The ceasefire will require very detailed negotiation. All the parties have had a detailed explanation by Field-Marshal Lord Carver[1] of his proposals for creating a Zimbabwe national army and also how the arrangements for the ceasefire could operate. They have had, too, the opportunity of discussing the working of a United Nations peace-keeping force with the UN Secretary-General's special representative, General Prem Chand. We have circulated to them a paper describing the concept and the possible working of a UN Zimbabwe force and of how United Nations civilian police observers could be attached to the Rhodesian police force, to help assure the impartiality of any police action. The exact mandate and working of the United Nations, however, is subject to a decision by the Secretary-General and the Security Council. There would, however, be considerable merit in discussing the possible mandate with the parties in greater detail and trying to reach a greater measure of agreement than exists at present.'

In this context, Dr Owen noted that the concept of integration of the opposing armed forces, the issue on which discussions with Mr Smith had broken down in July 1977 (see pp 301-3, 1977), was now being discussed in Salisbury, as part of the internal agreement, with regard to liberation fighters who were prepared to return in peace. Therefore, Dr Owen stated, 'the concept . . . of integration, which was always inevitable if there was to be a reduction in the level of fighting and an eventual ceasefire, appears now to be acceptable. This again is an important advance.'

With regard to the police forces, Dr Owen stated that 'it has always been the view of the British Government and the American Government that a major dismantling of the existing police force in the transitional period was not a practical proposition nor was it desirable for itself. Yet it was because we recognised that there were genuine anxieties about the police forces during the transitional period that we proposed the UN civilian police observers who have operated in other countries in somewhat similar circumstances and have been able to ensure through their presence on the ground the impartiality and fairness of the police force. They would be answerable directly to the UN force Commander.' Another important part of the Anglo-American plan, he added, was that a new Police Commissioner should be appointed.

'The running of the police', Dr Owen went on, 'is a highly professional business and we have always felt that without professional advice and without studying the position on the ground we could not make commitments as to what restructuring and other changes would be necessary in the transitional period and, of course, the period immediately following independence. One thing is vital – that the police force should be maintained throughout the transitional period as a credible and reliable force giving confidence to the community as a whole. Any transitional period must have some basic stability which can come only by retaining the civil service, the judiciary and the police forces as elements of continuity during the transition.' However, he added, 'that is not . . . to argue that there should be no changes. In all these spheres there will, of necessity, have to be adaptation in order to prepare for independence and in order to pave the way for a majority rule government . . . . [But] the necessary changes must come by agreement and by negotiation. If this can be prior to the transition, then the stability and neutrality of the transitional period can be guaranteed.'

Involvement of the United Nations

Dr Owen stated that 'the thread interweaving throughout the discussion on the issue of law and order and defence is the role of the United Nations. The major benefit to Rhodesia in involving the United Nations is not just that it can monitor and ensure that what is negotiated in detail prior to the transition for the ceasefire is maintained – that is important – and that it can be a stabilising force during the period of the transition, but that involvement of the United Nations is a guarantee of international acceptance and will allow the lifting of economic sanctions to take place at the start of the transition. It also opens up for Rhodesia the possibilities of economic assistance from the World Bank and from member states of the European Community through the proposed Zimbabwe Development Fund [see p 339, 1977]. All of this can lay the foundation for a secure economic future for Zimbabwe. It is in the interests of everyone. It ensures that Zimbabwe, when it reaches independence, can if it wishes be a member of the Commonwealth, the Organisation of African Unity and the United Nations.

'A United Nations peace-keeping presence', Dr Owen pointed out, 'has other significant benefits, too, for Rhodesia. An essential part of any ceasefire agreement is that the liberation fighters currently based in Mozambique, Zambia and Botswana should return in an orderly and controlled way to the country. It is vital for the future security of Rhodesia that none of these forces should constitute a threat to the stability of the country as a force capable of attempting to reverse the result of any election.'

Dr Owen also thought that a United Nations involvement was in the interests of Rhodesians of all races, though white Rhodesians had previously expressed scepticism as to its worth. Since then, however, the South African Government had accepted proposals for a United Nations role in Namibia (see pp 155-6), and many people in Namibia now saw that a United Nations force could 'offer them not only fair elections and international acceptance but the assurance of independence'. If the Namibia settlement programme was imple-

[1]The Resident Commissioner-designate for Rhodesia (see p 338, 1977).

mented, Dr Owen added, there could 'be few better examples and influences on Rhodesia than to have United Nations involvement in the attainment of independence actually operating in Southern Africa. It was a major advance . . . that at Dar-es-Salaam last month the leaders of the Patriotic Front accepted the principle of a United Nations presence.'

The Independence Constitution

With regard to the independence constitution, Dr Owen said that many areas remained to be clarified. 'It may be that the best way to proceed . . . would be to leave this to be discussed further during the transition period, perhaps on the basis of recommendations made by an independent commission or other independent experts. It may be, however, that all the parties will wish to clarify in detail the constitution prior to the transition.' However, he added, 'the main issues have been identified in . . . documents sent to the parties in February,' and these 'should provide the framework for further discussion'.

The Alternative to Negotiation

Referring to the necessity of establishing the dialogue, Dr Owen mentioned that 'no one need come to these discussions conceding in advance any of their previous positions. Attendance at the discussions carries no recognition in any way whatever. All we ask is a readiness to try to put the future of Zimbabwe first, for us all to be prepared to examine the issues objectively in a genuine search for peace. I warn now that unless we do so, there is only one alternative – the continuation of a bloody war. The situation could worsen rapidly. Britain and the United States will approach any discussions firm on principle but flexible. Determined only in our belief that it is necessary to negotiate a ceasefire and to provide for a transitional administration which will ensure a period of stability and peace in which fair and free elections can take place and the transition to independence and majority rule be carried out in a way which will lay the foundations for a prosperous, secure, multiracial Zimbabwe.'

Developments in Rhodesia

On 14 May the National Executive of the United African National Council (UANC), led by Bishop Abel Muzorewa, decided that it would continue to support the internal settlement agreement. The UANC's role in the Rhodesian transitional government became a matter of uncertainty following the Executive Council's dismissal – on 28 April – of Mr Byron Hove, the Co-Minister of Justice, Law and Order and one of Bishop Muzorewa's three nominees to the Ministerial Council. Mr Hove had failed, on three separate occasions, to withdraw certain statements he had made – on the need to restructure the Rhodesian police force and judiciary – and which the transitional government regarded as being in breach of the internal agreement (see pp 92-4). Following Bishop Muzorewa's demand on 1 May that Mr Hove should be reinstated, a special all-party committee was set up by the Executive Council to investigate the circumstances surrounding Mr Hove's dismissal. A statement issued by the Executive Council on 9 May confirmed the decision to remove Mr Hove from office. The statement noted that Bishop Muzorewa reserved his position in this regard. The report of the all-party committee into the affair said that all four members of the Executive Council attended the meeting at which Mr Hove was discussed.

Following a meeting of the executive council of the UANC on 14 May the party decided against withdrawing from the transitional government 'in the interests of the country and the people'. The statement condemned the other members of the Executive Council for 'unconstitutional decisions' and said that Bishop Muzorewa would not join them at joint rallies similar to one which had been held at Mrewa.[1] The statement called for the complete release of detainees, an end to political executions, the dismantling of protected villages, the removal of racial discrimination and for the speeding up of arrangements for elections and for majority rule on 31 December.

An earlier statement issued by the UANC on 4 May urged swift action to ensure that there was no delay in the holding of elections. It expressed concern at the statement by the Registrar General, Mr Eric Pope-Simmonds, that he was not certain whether an election could be called in 1978. 'What is disquieting', the statement continued, 'is the revelation by Mr Pope-Simmonds that although his department made plans and submitted a memorandum to the government about the election, nothing has been done.' The UANC could not accept 'Mr Pope-Simmonds's assertion that he could only start work on the registration of voters and delimitation of constituencies when the new constitution is approved by the existing [white] electorate'. The UANC urged the Executive Council 'to see that Parliament is summoned to pass the necessary legislation'. It proposed that a new constitution should be ready by the end of May; an act of parliament to legalise the new constitution should be passed in June and delimitation of constituencies commenced in the same month; the registration of voters should be completed in four months; and the election date should be set for the first week in December.

About 100 civilians were killed or injured on 14 May during further clashes between the Rhodesian armed forces and guerrillas in the Dwerure tribal trust land, north-east of Fort Victoria. In eastern Rhodesia two members of the International Red Cross and their assistant were killed by guerrillas during the middle of May. A mortar and small arms attack was launched on Wedza, in the war zone, a few hours before the three members of the Executive Council were due to address a meeting, on 24 May, about the internal settlement.

NAMIBIA

A 'Declaration and a Programme of Action for Namibian Independence' was adopted on 3 May (by 119 votes to none against with 21 abstentions) at the conclusion of the special session of the United Nations General Assembly (see pp 155-7). Those who abstained included the five Western members of the

[1]On 10 May a public rally at Mrewa was to be the first occasion on which the four members of the Executive Council spoke together in public. Bishop Muzorewa, however, refused to attend.

Security Council, who were concerned that the Declaration and the Programme of Action took no account of their proposal, published in April, for an internationally acceptable solution to the Namibian problem (see pp 155-8). Following a raid by South Africa on the bases of the South West Africa People's Organisation (SWAPO) in Angola on 4 May, the Security Council passed a resolution on 6 May unanimously demanding the 'immediate and unconditional withdrawal of all South African forces from Angola'. On the previous day Dr Owen said in a speech at Ormskirk that it would be a tragedy if anything should prejudice continued progress towards genuine independence after a UN supervised election'. As a result of the raid, however, the President of SWAPO, Mr Sam Nujoma, cancelled further talks in New York – with representatives of the five Western members of the Security Council – which were scheduled for 8 May in order to return to Southern Africa.

The Namibia Declaration

In its Declaration the General Assembly reiterated that Namibia was the direct responsibility of the United Nations until genuine self-determination was achieved in the territory. It stressed the 'commitment to end South Africa's illegal occupation of Namibia... to enable the Namibian people, under the leadership of the South West Africa People's Organisation, to exercise freely their right to self-determination'. The Declaration condemned 'the military build-up of South Africa in Namibia in preparation for a major confrontation with the ...forces led by SWAPO'; deprecated any 'collaboration with South Africa in the development of nuclear weapons that could enable it to intimidate neighbouring African states'; and reiterated that 'Walvis Bay is an integral part of Namibia'. It strongly condemned South African efforts 'to impose in Namibia a so-called "internal settlement"' (see pp 157-8).

The Programme of Action – prepared by the UN Council for Namibia – urged the international community to take 'definitive action to ensure the complete ... withdrawal of South Africa from Namibia .... To this end it strongly [urged] the Security Council to take the most vigorous measures, including ... comprehensive economic sanctions, an oil embargo and an arms embargo.'

Statements on Behalf of the Five Powers

On 25 April the Canadian Secretary of State for External Affairs, Mr Donald Jamieson, made a statement in the General Assembly of the United Nations on behalf of the governments of France, the Federal Republic of Germany, Britain, the United States and Canada. He said that the five countries – members of the Security Council – had over the last year devoted much attention to the question of independence for Namibia. They shared the conviction that the international territory of Namibia was illegally occupied by South Africa and that this occupation must come to an end. They shared the concern at the extension in Namibia of apartheid and racial discrimination and at the continuing repression of Namibians under that system. They were concerned that the perpetuation of that deplorable situation would sooner or later affect the political stability of the entire southern African area. It was in full accord with the aspirations and objectives of the international community, Mr Jamieson continued, that they had undertaken as the members of the international community in the best position to do so, to seek out practical ways and means to end this 30-year-old stalemate.

In the spring of 1977, Mr Jamieson went on, it became apparent that the installation of the Turnhalle Constitution was imminent (see pp 157-8). Such an action, it was clear, would not have resulted in an internationally acceptable solution to the Namibian question and would have led to increased violence. In the face of this dismal prospect the five countries had decided to make a concerted effort to investigate whether, by means of the existing relations between themselves and South Africa, it might not be possible to find a practical way of implementing Security Council Resolution 385 (see p 382, 1976), which was adopted unanimously. That resolution comprised the most comprehensive approach ever adopted by the Council to the desired resolution of the Namibian problem, he added. From the outset, he said, the five governments had recognised that they had no mandate to enter into negotiations or to make any agreements regarding Namibia. They were acting as a result of the responsibilities which they bore as members of the Security Council. They had acted as an informal contact group and it had been their intention, clearly expressed to all parties, to bring this exercise within the scope of the Security Council at the earliest feasible time.

Mr Jamieson then described briefly to the General Assembly the essential elements in the proposal of the five powers for a settlement to the question of Namibia (see pp 155-6). He noted that the proposal placed full confidence in the ability of the United Nations to discharge the substantial and complicated task involved in assisting the process of the Namibian elections and transition to independence. The General Assembly would have observed, he went on, that they had omitted from the proposal the difficul question of Walvis Bay 'for the reason that we see no way of settling the question in the context of the present negotiations'. They felt strongly, however, that the issue should not delay the independence of Namibia. They considered that all aspects of the question of Walvis Bay must be subject to discussion between the South African Government and the elected Government of Namibia. They had, furthermore, obtained assurances that the strength of the South African force in Walvis Bay would not be increased during the transitional period and that Namibians in Walvis Bay would be able to participate in the political life of the territory during the transitional period, including voting in the elections.

Continuing, Mr Jamieson said that the five governments were presenting these proposals as a practical means of implementing Resolution 385. 'We believe it is essential now to proceed urgently in order to forestall any counter-productive developments which might precipitate an internal settlement with all the repercussions for peace in the area that would follow, and which would result in the continued suffering of the Namibian people', he said. In their discussions they had narrowed the differences

between the parties to the point that 'the reasonable middle ground has clearly emerged'. It had been embodied in the proposal. 'It is now a question of political will; South Africa, SWAPO, and all other Namibian groups must decide whether to accept this proposal as a means for an early and peaceful resolution of the question, or face the tragic alternative of many years of violence and turmoil.'

On 26 April, another statement on behalf of the five Western powers was made by the representative of the Federal Republic of Germany, Herr von Wechmar, who addressed himself to 'a number of questions [which] have been raised in this debate and in the wake of the comments made in the South African Parliament on 25 April' (see pp 156-7). He stated that the five governments had 'made no separate or private arrangements with any of the parties. Concerning the question of the withdrawal of the South African troops from Namibia the Five, on 24 April, informed [South Africa] that they did not intend to change their proposal. They repeated a statement which they had already made to all parties in identical terms, in which they acknowledged that the constituent assembly might express its opinion on the question of South African forces. They added that the five governments would take such views carefully into account and would expect others to do the same, but only on the strict understanding that this would not result in any action which would imperil the attainment of independence in the manner envisaged in the proposal. They also observed that they did not believe that it would be to anyone's advantage to have the constituent assembly concern itself with matters other than the drafting of the constitution.

'Another question that has arisen', Herr von Wechmar continued, 'concerns the relationship between the United Nations special representative and the Administrator-General. It is the view of the Five that this relationship will clearly be of crucial importance. They are anxious to avoid resurrecting the legal disputes over Namibia. We see the special representative as having two main roles. He will be the watchdog of the international community, and the guarantor that the provisions of the agreement will be respected by South Africa and all the parties . . . . We hope that he will build up a working relationship with the Administrator-General, so that, as far as possible, disputes between the two officials can be settled informally. While the Security Council must remain vigilant to ensure that the agreement is respected, we believe that the United Nations special representative should be left to get on with the job, using the broad terms of reference with which the Security Council will entrust him.'

The five governments had elaborated the settlement proposal 'in close and continuous contact with the Secretary-General, whose spokesman's statement of 30 March 1978 should be regarded by all . . . as an encouraging sign'. This had stated that in the discussion with the five governments 'the Secretary-General recalled the terms of Security Council Resolution 385 (1976) and made clear that he was ready to assist in any solution of the problem if mandated by the Security Council'. Herr von Wechmar concluded his statement on behalf of the five governments saying that 'we fully concur with the Secretary-General's view that the implementation of the proposal requires a mandate from the Security Council. We recommend that the Security Council should be given this mandate without delay and we hope that the present special session will significantly improve the basis for early Security Council action.'

SWAPO's Position

In a statement before the General Assembly on 28 April Mr Sam Nujoma, President of the South West Africa People's Organisation (SWAPO), said that he and his colleagues had agreed 'to engage in discussions and exchanges with those who said they wished to assist in the effort of the rest of the international community to bring about necessary conditions for the independence of Namibia'. He had informed the five powers in August 1977 that SWAPO was 'willing and prepared to take political risks inherent in negotiations as an essential part of the struggle'. However, he believed that 'the recent developments surrounding the manner in which the Western proposals have been handled and presented has had the effect of creating confusion, which was perhaps the objective, in the United Nations'. Mr Nujoma expressed concern about the 'assurances and clarifications' given to the South African Government by the five Western governments on their proposal. It was only after these guarantees that the regime decided to 'accept' the Western plan. SWAPO wished 'to know what these assurances and clarifications are'. (These alleged 'assurances' were referred to in Herr von Wechmar's speech on 26 April – see above.)

Mr Nujoma urged that 'the Five, SWAPO, and South Africa continue to engage in further talks to resolve the outstanding issues in order to reach an agreement so that the settled matter can be brought before the Security Council for its consideration. The situation as it stands now is that in addition to the crucial issues of Walvis Bay, location of South African residual force and role of the UN, there are these new elements which rather than simplifying the situation have further complicated it.'

Dr Owen's Statement

In his speech on 5 May, the day of the South African raid on SWAPO bases in Angola, Dr Owen said that 'the British Government [had] expressed to the South African Government its dismay at this development . . . . The decision of the South African Government to accept the proposals of the five Western Security Council powers . . . was a welcome decision and one which could mark the threshold in South Africa's relations with its neighbours in Southern Africa and in its relationship with the international community. It would be a tragedy now if, having taken this decision, they were to do anything which would prejudice continued progress towards genuine independence after a UN supervised election. South Africa should take no further action of this kind.

'Of course South Africa is worried about security inside Namibia and with good reason', Dr Owen continued. 'The recent killing of Chief Kapuuo[1] and the violent incidents in Ovamboland are cause for

[1]Chief Clemens Kapuuo, leader of the Herero tribe, and President of the Democratic Turnhalle Alliance (a multiracial group co-operating with the South African Government), was shot dead on 27 March at Windhoek.

concern to us all. But the quickest way of ending this outbreak of violence is to have United Nations troops on the ground patrolling the northern border and for the people of Namibia to see independence coming soon with fair and free elections under United Nations supervision.'

The five powers the Foreign Secretary explained, were 'holding clarification talks with SWAPO. The challenge which faces us is to convince SWAPO that independence for Namibia is within sight and that they should now end the armed struggle and take part peacefully in the election campaign. Now is the time to end violence on all sides. We seek an early decision by the Security Council to appoint a special representative of the Secretary-General to go to Namibia and to start the process towards independence. Success in Namibia could pave the way for a negotiated settlement in Rhodesia and even lay the foundation for a movement away from institutionalised racialism in South Africa.'

SOUTH AFRICA: EMPLOYMENT PRACTICES BY BRITISH COMPANIES

In a White Paper[1] published on 25 May the British Government urges British companies with interests in South Africa to promote and adopt the code of conduct on employment practices adopted by the European Community in September 1977 (see pp 365-6, 1977) and provides explanatory guidance on how to implement the code's provisions. These cover labour relations within a company, migrant labour, pay, wage structure and black African advancement, fringe benefits, and desegregation at places of work. Britain is the first European Community member to issue detailed guidance on the code, though the Netherlands Government has commended it to employers in general terms.

Explaining the White Paper to the House of Commons on 25 May (*Hansard*, cols 650-1) the Secretary of State for Trade, Mr Edmund Dell, said that the British Government was 'committed to work by peaceful means to assist the evolution of a new and fairer society in South Africa'. Britain was more closely involved in South Africa than any other country outside Africa, and its economic position in that country, because of historic links, was still very large. The Government, therefore, had been working with its partners in the European Community 'to find ways of using existing economic links with South Africa in a constructive and positive way to assist the progess of internal change'. It was in this context that agreement had been reached in September 1977 on a code of conduct for companies in the Community with interests in South Africa.

The new code, Mr Dell explained, is a development of the earlier British code adopted in 1974 (see pp 463-4, 1974). However, Mr Dell continued, it went further than the earlier code 'in placing greater emphasis on enabling black African employees to take part in collective bargaining, and on the development of trade unions representing black workers.' In addition, it aimed 'to encourage the abolition of all forms of discriminatory practice at the place of work and is intended to promote substantial improvements in pay, fringe benefits and working conditions for employees'.

Under the code companies are asked to publish detailed annual reports on the progress they have made in implementing its provisions. These reporting procedures, Mr Dell said, are intended to give parliamentary and public opinion the opportunity to scrutinise and question, and thus to influence, company policy. Companies are asked to send copies of the reports to the Government which will then have an opportunity to make an annual assessment. The other members of the Community, the Secretary of State added, are expected to take similar action and all members will then jointly review their own national assessments. The Community was also in touch with other major trading nations and the British Government hoped that other countries would adopt similar codes. Canada's recently published code, Mr Dell pointed out, reflected the influence of the Community's code.

British companies, with vital interests in South Africa bore a vital responsibility in their approach to the standards set by the code, Mr Dell stated. Company performance will be watched closely not only by all those concerned in Britain and its European partners, but by the international community as a whole. If the code was not implemented fully and no changes in racial discrimination at the workplace followed, then the pressure for further action, already strong, would become stronger. The Government believed, he concluded, that it was in the companies' own interests that the code was faithfully applied and upheld.

[1] *Code of Conduct for Companies with Interests in South Africa.* Cmnd 7233. HMSO, 40p. ISBN 0 10 172330 X.

President Kaunda's Visit to Britain

At the invitation of the British Government President Kenneth Kaunda of Zambia paid a three-day official visit to Britain from 13 to 16 May. During his visit President Kaunda met the Queen and held talks with the Prime Minister, Mr James Callaghan, and the Secretary of State for Foreign and Commonwealth Affairs, Dr David Owen. The main subjects discussed were Rhodesia, Namibia, Zaïre, world trade, the economic situation in Zambia, the need for financial aid to Zambia, and the North-South dialogue.

Mr Callaghan reaffirmed the British Government's determination to work for independence for Zimbabwe based on a speedy transition to majority rule following from free elections. He expressed gratitude for President Kaunda's support for the Anglo-United States initiative on Rhodesia (see p 339, 1977) and for his contribution to the progress made at the recent meeting at Dar-es-Salaam (see pp 152-3). He also expressed the appreciation of the British Government for the economic sacrifices which Zambia had

made in the cause of bringing majority rule to Zimbabwe.

The Prime Minister emphasised that the British Government would continue to work for a negotiated settlement and would work to persuade all the parties to come to round-table talks (see p 207), as the Patriotic Front had already agreed to do. Britain's aim remained to bring about a ceasefire by negotiation between the parties. It would be a long process if the armed struggle continued until one side won a decisive victory and it would be a disastrous political and economic background on which to establish an independent Zimbabwe. The President and the Prime Minister agreed that the consequences of further intensification of the armed struggle were such that it was essential to work urgently to bring about a negotiated ceasefire and a transition to majority rule.

In their discussion about the current economic difficulties in Zambia, the President and the Prime Minister talked about the meeting of the World Bank Consultative Group scheduled for Paris on 27-29 June to arrange international assistance for Zambia. The Prime Minister discussed how Britain might contribute to this assistance. He told President Kaunda of Britain's intention to make available £15 million as a contribution to the international assistance being arranged by the World Bank. This is in addition to the £15·5 million offered in 1977-78 and still in the pipeline, and Britain's planned programme of £17 million for 1978-79. The total over the two years will be £47·5 million.

Background

Zambia's economy is almost entirely dependent on revenue earned from sales of copper which has – in recent years – been adversely affected by a drastic decline in the value of copper on the world market; and also by production problems within the Zambian copper industry itself. This has led to severe difficulties in servicing Zambia's external debt obligations in 1978. In 1977 the World Bank estimated that Zambia's outstanding debts had risen to $1,270 million.

Shorter Notes

PRIME MINISTER TO RECEIVE HUBERT HUMPHREY AWARD

The British Prime Minister, Mr James Callaghan, has been chosen to receive the first Hubert H. Humphrey International Award. The award, given annually by the National Committee on American Foreign Policy, goes to the statesman whose vision of relations between peoples and nations approximates most closely to the ideals of the late Senator Humphrey. In nominating the Prime Minister, the Committee speaks of 'his long record as an international statesman and his contributions to world peace and the development of a better social order in the framework of a democratic society'.

CONVENTION ON MILITARY MODIFICATION OF ENVIRONMENT

On 16 May Britain became one of the first countries to ratify the Convention on the Prohibition of Military or any other Hostile Use of Environmental Modification Techniques (see p 469, 1977). Britain signed the convention in May 1977; about 60 other countries have now also signed it. The convention is designed to prevent the development of new methods of warfare which might emerge in the future as man's control over his environment (over the weather, for example) increases. It provides for a consultative committee of experts under the Secretary-General of the United Nations to oversee its practical application.

LAW OF THE SEA CONFERENCE

The seventh session of the Third United Nations Conference on the Law of the Sea (see p 417, 1977), held in Geneva, adjourned on 19 May. Commenting on the session in a parliamentary answer on 24 May (*Hansard*, written answers, col 563), Mr Evan Luard, Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs, stated that there had been progress on some important questions, including aspects of sea-bed mining, access to fisheries for states with limited fishing zones or none, and pollution from shipping. The conference had worked out new negotiating texts on these matters, but further improvements were needed at the next meeting. This would be held in New York from 21 August to 15 September.

ECONOMIC AND SCIENTIFIC AFFAIRS

Fiscal and Monetary Developments

New economic measures designed to maintain the Budget strategy have been announced by the Chancellor of the Exchequer, Mr Denis Healey. Other recent developments include a further Letter of Intent from the Chancellor to the Managing Director of the International Monetary Fund, Mr H. Johannes Witteveen, and new arrangements for the determination of Minimum Lending Rate (MLR).

ECONOMIC MEASURES

The measures taken in support of the Budget strategy on public sector borrowing and the money supply include an increase in the National Insurance surcharge; an increase in the Minimum Lending Rate to 10 per cent; and the reactivation of the supplementary special deposits scheme.

The new economic measures, announced on 8 June in a press notice issued by the Treasury are designed to maintain, in particular, the limit of £8,500 million for the public sector borrowing requirement (PSBR) and the target range of 8-12 per cent for the growth of sterling M3 (see footnote, p 25, 1977).

The Government is to introduce in the House of Commons, by means of a Ways and Means Resolution and a new clause in the Finance Bill, a measure providing for an increase of 2·5 percentage points in the National Insurance surcharge[1] (see p 327, 1976), to take effect from 2 October 1978. This increase will reduce the PSBR for the financial year 1978-79 by £500 million; the full year revenue effect is estimated to be £1,500 million. This measure will offset the additional income tax reliefs voted by the House of Commons in May[2] and is necessary, in the Chancellor's view, to keep the PSBR within the level of £8,500 million forecast in his Budget statement and reaffirmed in his letter to the IMF (see below).

The Chancellor has also approved the raising of the MLR to 10 per cent by the Bank of England on 8 June (MLR was raised from 7·5 to 8·75 per cent on 5 May and from 8·75 to 9 per cent on 15 May).

The supplementary special deposits scheme has been reactivated in order to restrain the growth in money supply by restricting the growth in lending by banks and finance houses. The scheme provides for the making of supplementary special deposits to the Bank of England by any bank or finance house whose interest-bearing eligible liabilities in August, September and October 1978 exceed by more than 4 per cent the average level of such liabilities for the six months from November 1977 to April 1978.

CHANCELLOR'S LETTER TO THE IMF

Reaffirmation of the Government's policies for the public sector borrowing requirement (PSBR) and domestic credit expansion (DCE), which the Chancellor first stated in his letter to the Fund of 15 December 1976 (see p 25, 1977), were given in a letter to Mr Witteveen on 25 May.

The letter follows discussions, held in London in May, between representatives of the IMF and the Treasury which are part of the continuing contact between the Government and the Fund since the announcement in December 1976 of a $3,900 million standby arrangement to assist Britain in its external financing.

The Chancellor, giving the text of the letter in the House of Commons,[1] said that the policies for the PSBR and DCE were fully consistent with those he had described in his Budget statement and were also consistent with continuing the standby. In his Budget statement he had set limits of £8,500 million for the PSBR in 1978-79 and of £6,000 million for DCE. He had reasserted in the letter his determination to observe these limits. The IMF team had expressed confidence in the Government's policies and was particularly impressed by the way in which the Government's policy for prices and incomes in the past three years had helped to roll back inflation and to open the prospect of further reductions in unemployment.

[1]This will bring the total of the surcharge – which goes to the Treasury and not to the National Insurance Fund – to 4·5 per cent of employees' earnings up to £120 a week.

[2]On 8 May the House of Commons, debating the Finance Bill, voted in favour of a proposal to reduce the basic rate of income tax by 1 per cent to 33 per cent and on 10 May it voted in favour of a proposal to raise the upper limit of the basic rate from £7,000 to £8,000 with consequent increases in the thresholds for the successive higher rate bands. Amendments to the Finance Bill, which is still being considered by Parliament, will be described in greater detail in a subsequent issue of *Survey of Current Affairs*.

[1]*Hansard*, 25.5.78, cols 1723-6.

The text of the letter is as follows:

In my letter to you of 15 December 1976, I indicated that I expected domestic credit expansion to be kept to £6,000 million in the twelve months ending 18 April 1979. In addition, I expected the public sector borrowing requirement for 1978-79 not to exceed the figure of £8,600 million, and since presenting my Budget I have committed myself to a public sector borrowing requirement of £8,500 million. In my letter to you of 14 December 1977 [see p 18], *I stated my intention to review policies further with the Fund on the occasion of the normal consultation during May 1978. I have now undertaken this review and concluded that these amounts are adequate to achieve the desired economic recovery, and to meet the prospective financial requirements of industry for investment and expansion.*

NEW ARRANGEMENTS FOR MLR

A proposal by the Bank of England that in future MLR should be set by the authorities rather than, as normally at present, automatically by reference to the results of each week's Treasury bill tender, has been approved by the Chancellor of the Exchequer, Mr Denis Healey.

The Chancellor of the Exchequer has approved a proposal by the Bank of England to discontinue the present system for determining the Bank's MLR introduced in October 1972 (see p 478, 1972). MLR, which is the rate at which the Bank will normally provide funds to the discount market as a lender of last resort, is generally derived from market conditions and related to the average rate of discount at the weekly Treasury bill tender. An MLR can also be determined independently of the rate of Treasury bills when the authorities wish to give a definite lead to interest rates.

In a press notice setting out details of the change,[1] the Treasury says that the system had generally worked reasonably well but experience, particularly during the last year, had shown that the very close and automatic link with the Treasury bill discount rate could on occasion lead to undesirable erratic movements in interest rates and to confusion as to the views of the authorities. Since the authorities already in practice bore the main responsibility for the level of MLR, despite the operation of the present formula, the Chancellor had concluded that the proper course would be to recognise this explicitly. Following consultations with the Governor of the Bank of England, the Chancellor had agreed with him that the Bank's MLR should in future be set by the authorities rather than, as normally at present, automatically by reference to the results of each week's Treasury bill tender. However, MLR would continue to be adjusted flexibly, taking account of market developments. Under the new arrangements any change in MLR would normally be announced by the Bank of England at 12.30 pm on Thursdays; as with administered changes under the present rules, future changes in MLR would require the Chancellor's approval.

[1]HM Treasury press notice, 25.5.78.

Monopolies and Mergers

A more critical and selective approach to monopolies and mergers, to ensure that the industrial strategy (see p 59) and competition policy in Britain remain complementary aspects of the same programme for promoting industrial efficiency and expansion, is recommended in a Green Paper on monopolies and mergers policy[1] published on 10 May.

The Green Paper is the report of an inter-departmental group, set up in November 1977 (see p 470, 1977) under the chairmanship of Mr Hans Liesner, chief economic adviser to the Departments of Industry, Trade, and Prices and Consumer Protection, to consider the issues relating to a possible strengthening of competition policy. The group was asked in particular to examine concentration in the ownership of industry in Britain, the causes and consequences of mergers and the effect of monopolies; to suggest possible changes in monopolies and mergers legislation, taking account of the need for this policy to make its full contribution to the Government's industrial strategy, the implications of British membership of the European Community and the increasing competitiveness of international trading conditions generally; and to suggest subjects for further study as necessary.

Announcing publication of the Green Paper at a press conference, the Secretary of State for Prices and Consumer Protection, Mr Roy Hattersley, said that the Government was publishing the report in full, as recommended by the group, in the interests of open government and to ensure that all concerned had an opportunity to comment before decisions were taken on this important area of policy.

The report includes extensive annexes on subjects including the degree of industrial concentration; monopolistic behaviour and performance; economies of scale; mergers; innovation; the public interest; and competition policy in other countries.

FINDINGS OF THE GROUP

The report studies in detail existing economic evidence about the level and effects of industrial concentration within the United Kingdom, the economic consequences of mergers and the behaviour of single firms in positions of market dominance. The evidence, it concludes, shows that concentration in British industry increased rapidly in the 1950s and 1960s and continues at a level which exceeds that of most of Britain's international competitors.

It is estimated, the report says, that mergers since the late 1950s have contributed at least half of the

[1]*A Review of Monopolies and Mergers Policy. A Consultative Document.* Cmnd 7198. HMSO, £2·85. ISBN 0 10 171980 9.

increased concentration in Britain. Although mergers could produce tangible benefits – such as economies of scale, wider production experience and more effective financial and marketing operations – independent studies adopting different approaches had shown that a high proportion – 50 per cent or more – of the mergers studied had proved to be unprofitable; yet present policy was based on the assumption that mergers were, on balance, beneficial.

The report endorses the underlying empirical approach to current mergers policy where the merits of each proposal are examined case by case but says that merger proposals should be examined more critically. It observes that 'countries. . . which have experimented with a rigid judicial approach. . . are tending to move away from it towards a more pragmatic policy'. The group concluded however that the evidence did not justify the general contention that a merger should be assumed to be against the public interest until it was, in a specific case, proved otherwise. The report recommends that policy should be based on a neutral view of the merits of a merger and that each proposal should be examined on the evidence without any pre-judgment about general undesirability or desirability. The report also recommends that the Government should make plain its intention to operate this more critical policy and publish non-statutory guidelines; the Fair Trading Act 1973 (see p 41, 1973) would need to be amended.

The report envisages that the proportion of mergers referred to the Monopolies and Mergers Commission (MMC) might rise from the present 3 per cent to 12 per cent of all referrable mergers, with a corresponding increase in the number judged to be against the public interest. It also proposes two major changes in the scope of reference for established monopolies: first, it concludes that 'there appears to be a case for extending the definition of a monopoly ...to include a definition of oligopoly in structural terms, for example, where a specified percentage of Britain's supply of the goods in question is effected by four or five companies'; and second, after examining the evidence of past MMC reports on monopolies, suggests for further study a variety of ways in which restrictions characteristic of uncompetitive practices might in future be prohibited or regulated.

Other conclusions put forward in the report are that:

certain uncompetitive practices have been repeatedly found to be against the public interest in MMC reports, but these practices often occur in circumstances that are not suitable for a monopoly investigation by the MMC;

the industrial strategy and competition policy are generally complementary. Competition policy can improve industrial performance but should continue to be sufficiently flexible to meet changing circumstances in industry as it adapts to intensified foreign competition;

there is no serious conflict between existing European Community rules on competition and competition legislation in Britain, but some aspects of Community competition policy deserve further examination. There is a discernible trend in other industrialised countries towards the strengthening of competition policies and enforcement agencies; and that

in principle, there would be advantage in bringing the MMC and the Price Commission together in due course.

Summary of Recommendations

The main recommendations contained in the report are outlined below.

Mergers

Mergers policy should be shifted to a neutral position by means of:

a Government statement explaining the new policy;

provision of non-statutory guidelines to the Mergers Panel to ensure that all mergers that would have a significant effect on competition or economic power were critically assessed; and

amendment of the Fair Trading Act 1973 to change the basis on which the MMC reports on merger investigations and to require the commission, in determining the public interest, to take into account the detriment of reduced competition and increased concentration, as well as the desirability of restructuring to improve the international competitiveness of British industry in accordance with the objectives of the industrial strategy.

In addition, there should be a review of the criterion concerning assets, by which a proposed merger could be referred to the MMC if it involved the acquisition of a company whose total assets exceeded £5 million in value, with a view to increasing the figure to £8 million, and also the list of matters the commission took into account in determining the public interest.

Monopolies

The case should be examined for extending the definition of monopoly to include a definition of oligopoly in terms of market structure. Consideration should also be given to dealing with certain uncompetitive practices by single firms outside the ambit of monopoly investigations.

Subjects for Further Study

Subjects for further study should include a review of restrictive practices legislation, studies necessary for detailed implementation of the group's recommendations on monopolies and mergers policy, and proposals for bringing together the MMC and the Price Commission.

RESTRICTIVE PRACTICES

Mr Hattersley also announced the setting up of a further inter-departmental group, as recommended in the report, to carry out a review of legislation on restrictive trade practices and report by the autumn of 1978. The review would be primarily concerned with considering how the effectiveness of the legislation could be improved, whether procedures under it should be modified, and its relationship with the Government's industrial strategy and the development of European Community competition policy.

Industrial Democracy

Greater involvement of employees in making and carrying out company policy is proposed in a White Paper,[1] published on 23 May. The Government's view is that the development of industrial democracy should proceed on a step-by-step basis. The Prime Minister has said that the White Paper is not a conclusion; he hopes rather that it will be the start of a long and important debate that could have a profound effect on the efficiency of British industry. It is made clear in the White Paper that whatever decisions are taken regarding multinational corporations, parent companies – whether located in Britain or overseas – will maintain control over their subsidiaries.

PRIME MINISTER'S STATEMENT

Introducing the White Paper in the House of Commons (*Hansard*, 23.5.78, cols 1335-8), the Prime Minister, Mr James Callaghan, said that the Government had completed wide-ranging consultations on the Bullock report (see pp 71-5, 1977) on industrial democracy. As it had not been possible to reach agreement between those principally concerned, the Government had submitted its own proposals.

The basis of the proposals was that employees at every level in both private sector companies and nationalised industries should – like their counterparts in some other advanced industrial countries – have a real share in the decisions within their enterprise which affected their working lives. The objective was positive partnership rather than defensive co-existence. Mr Callaghan said that the shared responsibility should bring improved industrial relations and increased efficiency to British industry.

Mr Callaghan affirmed the Government's intention that this objective should be secured, wherever possible, by voluntary agreement between employers and representatives of employees. Its purpose was not to impose a standard pattern of participation on industry by law; rather, employers and employees would be encouraged to devise arrangements best suited to their own circumstances. Where agreement proved impossible, employees would be able to claim certain statutory rights and legislation to that end would be introduced.

Private Sector

The White Paper proposed that employees in companies employing 500 or more people in Britain should have a statutory right to have all major proposals of the company affecting them discussed with their representatives before decisions were taken. These discussions would include such matters as investment plans, mergers, takeovers, expansion or contraction of establishments and major organisational changes. The right to discuss should be vested in a joint representation committee (JRC, see p 71, 1977) composed of representatives of trade unions who were employees of the company, and discussions would take place with this committee.

Mr Callaghan said that the Government's consultations showed that whereas in some cases arrangements on these lines would be as far as employees would wish to go in taking part in the affairs of the enterprise, in many cases there would be a wish to go further and for representatives of employees to be appointed to company boards. If this could not be achieved by voluntary agreement, the Government proposed that employees in companies employing 2,000 or more people in Britain should be able, if they wished, to claim a statutory right to appoint, as a reasonable first step, up to one-third of the directors on the policy-making board of a new two-tier board structure.[1] This right would be initiated by a request to the company from the JRC and would be invoked after a ballot of all the company's employees to decide whether they wanted to be represented on the policy board. Company law would be amended to provide for the option of a two-tier board system where the company preferred; though where there was agreement, the right to board representation could be on the existing unitary boards. The White Paper proposed that there should be a period of three or four years' experience from the date of establishment of the JRC before this statutory right came into operation. The introduction of industrial democracy would be a developing process and the Government did not exclude parity of representation as an ultimate outcome.

Mr Callaghan said that the Government was convinced that trade unionists had an essential role to play in industrial democracy. However, the White Paper recognised that the responsibilities to be given to trade unions for the appointment of employee representatives on boards would need further discussion and the Government would reach a decision on this matter after further consultations.

Nationalised Industries

The Government would continue to encourage the development of industrial democracy at all levels in the nationalised industries. The chairmen of these industries had been asked to consult trade unions and to put forward proposals by August 1978. Legislation, when introduced, would give employees in nationalised industries the right to representation on boards, where it was desired.

Public Services

Mr Callaghan said that while in the public service accountability of ministers to Parliament and of Parliament to the electorate must not be eroded, and that similar considerations also applied in local government, the Government wanted employees and their representatives in the public services to be given all possible opportunities to contribute their views on matters affecting their legitimate interests, subject to the principle of accountability and to the need to safeguard the interests of the community as a whole.

[1] *Industrial Democracy*. Cmnd 7231. HMSO, 50p. ISBN 0 10 172310 5.

[1] Composed of a policy board, which would control strategic decisions affecting the future of the company, and a management board, appointed by the policy board and responsible in law for the day-to-day management of the company under the supervision and control of the policy board.

Institutional and Training Support

The Government was disposed to accept the recommendation of the Bullock Committee that a commission be established to provide advice on the implementation of industrial democracy, and was ready to consult further about it.

The direct involvement in overall company policies would require employee representatives to have a knowledge of business, finance, management and other subjects, training for which would be undertaken to a great extent within the organisation itself. The White Paper proposed that training should also take place in colleges and other institutions, for which public finance would be needed.

Concluding Remarks

Mr Callaghan concluded his statement by saying that the Government believed that these proposals would enable employees and managements to achieve real co-operation by sharing responsibility for the future prosperity of the companies in which they worked, and thus greatly benefit Britain's economy and democracy. The Government would continue to consult widely so as to achieve the greatest possible agreement on the legislation that would be laid before the House.

FURTHER DISCUSSION: RIGHTS OF NON-UNIONISTS

In answer to questions from the Leader of the Opposition, Mrs Margaret Thatcher, concerning the rights of non-unionists in representing employees on the boards of companies (a matter also referred to by Mr David Steel, Leader of the Liberal Party), Mr Callaghan emphasised that it was the Government's intention and desire that all employees should take part in any ballot to decide whether the scheme for electing worker directors should be initiated. [The White Paper outlines the arguments for and against the 'single channel' selection of employee representatives solely through trade unions and proposes that one solution might be for the JRC to decide on the method of selection with a right of appeal for minority unions (and for homogeneous groups of non-unionists) where these felt that their interests were not adequately represented.] It was also important that worker directors – and indeed the JRCs – should be drawn from employees of the company. There would be nothing to prevent the company from setting up parallel discussions with employees who were not members of trade unions if they were unable to obtain agreement through the JRCs. A system of parallel representation could also apply in respect of employees' statutory rights under the proposed legislation. The Government would also like to see provision made for junior and middle management – about which there had to be further discussion – because they clearly had as much concern about the future welfare of the companies in which they worked as anyone else. Although the Government wanted to make the trade unions in the companies the prior means of consultation and discussion, it did not want to exclude, and certainly no legislation would exclude, employees outside the trade unions.

ADDITIONAL POINTS IN THE WHITE PAPER

The White Paper remarks that industrial democracy and its implementation are a recurring theme in any discussion about Britain's economic and industrial situation. Modest but positive developments have already taken place in both the public and private sectors of industry in Britain. Discussions on this issue are in progress throughout Western Europe and whereas Britain can learn from the experience of countries where employee participation with the backing of the law already exists – such as the Federal Republic of Germany, the Netherlands, Belgium, Norway, Sweden, Denmark and Austria – the unique development of the British system of industrial relations and the strength of trade union organisation and collective bargaining within companies and industries will require Britain to evolve its own system of industrial democracy.

Confidentiality of Information

Arrangements for safeguarding the confidentiality of information disclosed through the JRCs are recognised as an important issue and one upon which the Government intends to consult further with the Confederation of British Industry and the Trades Union Congress before legislation is introduced. It is pointed out, however, that the risks should not be exaggerated and there is no reason why the representatives of the employees whose working lives and welfare are bound up with the welfare of the company should be any more likely to betray confidentiality than directors of a company, provided that the nature and significance of the information is made clear when it is disclosed.

Groups of Companies and Multinationals

The White Paper makes it clear that if the objectives of industrial democracy are to be achieved in companies organised in groups, arrangements have to be made for workers to be involved in decisions at whatever level they are taken. The structure of many groups is complex and the levels at which decisions are taken are not always easy to define; the Government therefore proposes to consult further on the best practical method for framing legislation to give effect to this principle, which will apply to all companies incorporated in Britain including those controlled by a company abroad. Any legislation cannot of course have effect outside the jurisdiction of the United Kingdom but the Government hopes that overseas companies which control subsidiaries in Britain will seek to operate within the spirit of its proposals. Later on, the White Paper explores briefly some other difficulties arising from the application of the principle to groups and multinationals and concludes 'Whatever decisions [the Government] finally takes will be consistent with the maintenance of control over subsidiaries. Any other course would not only depart from the practice in all other countries but would inevitably have considerable and adverse effects on future overseas investment in this country.'

Exemptions

While the Government wishes to avoid exemptions, since this will deny certain groups of employees

rights otherwise extended generally throughout industry and commerce, it is ready to examine the arguments in the few cases where special consideration might be thought to apply which might justify exemption. The case for any exemptions has clearly to be considered in the light of the decisions to be taken on the various issues discussed in the White Paper; the Government does not, however, consider it likely that there will be any exemption from the right to discuss company strategy.

Northern Ireland

The proposals in the White Paper are for Britain as a whole. The law governing industrial relations in Northern Ireland is in general very similar to that in Great Britain, though there are some institutional differences which will need to be taken into account.

Company Board Structure

The White Paper contains an appendix giving details of the new two-tier board structure to be introduced as an option which can be adopted by any company.

Coal Technology

The Government is to provide financial support for three major new projects on coal technology, involving the conversion of coal into petrol, substitute natural gas (SNG) and raw material for the chemical industry, following a report by the Research and Development Working Party of the Coal Industry Tripartite Group (comprising representatives of the Government, the National Coal Board – NCB – and mining trade unions), published on 24 May.[1]

In a statement in the House of Commons on 24 May (*Hansard*, written answers, col 578), Mr Alexander Eadie, Parliamentary Under-Secretary of State in the Department of Energy, announced the Government's acceptance of the report's recommendation that it should fund up to two-thirds of the cost of these projects. Mr Eadie said that the Government was prepared to make available up to £20 million towards the total cost of £32 million involved in the period up to March 1983, and it would consider further financial support for these projects as required.

Report

The Working Party, which was set up to assess priorities in coal research and development and to consider how these priorities could be implemented, examined proposals submitted to the Government by the NCB in August 1977 for a number of development and demonstration projects, which would cost a total of £122 million at April 1978 prices. It investigated the question of whether Britain should invest in the development of coal conversion and utilisation when other countries, notably the United States, would have fully-developed technologies available before these were needed in Britain. The report notes that overseas developments would not necessarily be suited to British requirements, and that the technology to be developed in Britain could offer advantages over that likely to be available from other countries and thus lead to export opportunities for process engineering contractors and plant manufacturers. The three projects for which the Government is providing immediate support, as recommended in the report, are:

1 A £16·2 million project connected with the liquid solvent extraction of coal. In this process, developed by the NCB, coal is treated with a hot liquid solvent, itself derived from coal, to give a thick tarry solution which is then filtered to remove ash and carbon residue. Hydrogen is added and the solution is then separated into a synthetic crude oil product and into a solvent which can be recycled back into the process. Present work on a very small-scale pilot plant creates a product which is suitable for refining into a wide range of aviation and road transport fuels, such as petrol, diesel fuel and kerosene. The larger pilot plant envisaged would produce each day 13 tonnes of 'coal-liquids' from an input of 24 tonnes of coal.

2 The NCB's proposal for a seven-year project, costing £14·8 million, for the design, construction and operation of a pilot plant for supercritical gas solvent extraction, in which high-pressure gas is used to dissolve coal. Daily capacity of the plant would be 8 tonnes of liquid extract produced from some 24 tonnes of coal. According to the report, the product shows promise as an aromatic chemical feedstock which might be used in the manufacture of plastics, resins, rubbers, artificial fibres and paints. This technology has only operated so far on a very small scale, and the NCB's project is expected to lead to a better assessment of the potential of the process.

3 A £12 million British Gas Corporation project, lasting six years, for an 'entrained-flow/fixed-bed composite gasifier' to produce SNG from coal. The report says that a substantial market for SNG is envisaged in the very long term, and that it is clear that there will be a need for high-efficiency coal gasification technology. The Corporation already has a proven capability in this field[1] and its project is intended to extend the capabilities of its present high-pressure slagging gasifier by using a greater proportion of fine coal and a wide range of coals, and by maximising throughput.

Development of a number of other schemes is also recommended by the Working Party. It suggests that the NCB, in collaboration with the engineering firm of Babcock and Wilcox, should be encouraged to prepare a joint proposal to the Government for the industrial-scale demonstration of pressurised fluidised bed combustion (a method of steam-raising which, compared with conventional techniques, uses low-quality coals efficiently and in an environmentally clean way) for power generation, and should seek to enlist the participation of the Central Electricity Generating Board (CEGB) in the planning and execution of the project. This £50 million scheme

[1] *Coal Technology: Future Developments in Conversion, Utilisation and Unconventional Mining in the United Kingdom.* Available free from The Library, Department of Energy, Thames House South, Millbank, London SW1P 4QJ.

[1] See COI short note *Coal Technology*, SN6021.

would make full use of the experience to be gained in the plant at Grimethorpe (South Yorkshire), which is being built and is scheduled for completion in early 1979, under an International Energy Agency (IEA) project (see p 27, 1976).

The NCB is also participating in a co-operative IEA project to investigate the fundamental characteristics of pyrolysis (which involves heating coal in the absence of air to create solid, liquid and gaseous products). The £3·25 million project is being funded by Britain (40 per cent), the Federal Republic of Germany (40 per cent) and Sweden (20 per cent). The report says that the Government should give sympathetic consideration to the NCB's project for a pilot plant for large-scale pyrolysis, when this preliminary work has progressed further to enable a judgment to be made of its potential.

Among the Working Party's other recommendations are that the NCB and the CEGB should be encouraged to carry out a feasibility study into the prospects for generating electricity at high efficiency by means of new high-temperature gas turbines (using gas produced from coal) in conjunction with boilers and steam-turbines; the NCB should be encouraged in its studies of new forms of extracting energy from coal underground; and that at the end of the design stage of each project there should be a reassessment by all the parties involved before a final commitment is made to the construction and operation of the pilot plant.

Alternative Sources of Energy

The Government's decision to allocate a further £6 million to research and development on alternative sources of energy and to establish a Severn Barrage Committee to assess Severn Barrage tidal power schemes is announced in a White Paper, published on 6 June.[1]

WHITE PAPER

The White Paper contains the Government's reply to two reports on alternative sources of energy (solar energy, wave power, wind power, tidal power and geothermal energy) and the Severn Barrage scheme which were produced by the House of Commons Select Committee on Science and Technology in 1977 (for publication details, see p 395, 1977), and indicates the current state of the various research and development programmes. The Government welcomes the reports as important contributions towards identifying the potential role of alternative sources of energy in Britain's energy supply and developing programmes for their successful exploitation. Although these sources are likely to make only a modest contribution to energy supply before the year 2000, their contribution could begin to grow in the first quarter of the twenty-first century. The Government agrees with the Committee that the development of these sources should, therefore, be pursued with urgency and determination, and that investment in research and development on such sources should be expanded. It is determined that work on alternative sources of energy should be given high priority. In the light of the substantial progress made so far, it is committing a further £4·5 million to research and development programmes and £1·5 million for further studies connected with a Severn Barrage scheme. This raises the Government's commitment for research and development programmes on alternative sources of energy to nearly £16 million: £6 million on solar energy, £5·4 million on wave power, £1·8 million on geothermal energy, £1·6 million on tidal power and almost £1 million on wind power. The White Paper notes that most of these sources are at an early stage of development and the limit on making faster progress is not the level of funding, but the state of the technology involved. The Government will, nevertheless, keep the level of funding under close review and will be prepared to make further sums available for the more promising developments.

Wave Power

The White Paper says that wave power has a major potential for electricity generation if the considerable technical problems can be overcome and economic viability established. Progress in the wave power programme has been encouraging, and work on two devices has already advanced from small-scale laboratory tests to trials at one-tenth scale on Loch Ness and on the Solent. The Government is extending the present £2·5 million programme, due for completion in October 1978, and providing an additional £2·9 million. Further development work will take place on the main wave power devices and on examining their common problems. Just over half of the new funds will be spent on developing the devices including one-tenth scale trials, full-scale component development, test-tank experiments and theoretical studies, while £300,000 will be spent on collaborative work through the International Energy Agency (see p 183). The programme's aim is to prove the technology as quickly as possible by developing the most appropriate devices to prototypes suitable for sea trials.

Solar Energy

The Government agrees with the Committee that solar water heating has the most immediate potential of all the renewable sources in that systems for the pre-heating of domestic and industrial water supply are already commercially available, although capital cost is high in relation to the energy savings that can be achieved. The White Paper says that the main aim of this part of the solar energy programme is the development of reliable systems of proven economic performance which could be widely adopted. As the Committee recognised, the development of solar space heating systems is at a less advanced stage, and much further work is likely to be needed before it would be possible to identify likely systems which would lead to optimum designs. The Department of Energy is formulating a programme with the aim of developing equipment capable of operating at

[1] *The Development of Alternative Sources of Energy.* The Government's Reply to the Third and Fourth Reports from the Select Committee on Science and Technology, Session 1976-77. Cmnd 7236. HMSO, 40p. ISBN 0 10 172360 1.

high efficiency in the British climate, while the Department of the Environment is examining the problems of solar space heating, especially storage, the use of heat pumps and waste heat recovery, as part of its programme on energy conservation in buildings. Since the inception of the Department of Energy's research and development programme on solar energy in February 1977 (see p 127, 1977), 24 contracts for work costing a total of over £2 million have been, or will shortly be, placed. The Government endorses the need for continuing action to ensure that insulation of buildings is improved. It believes that the best approach is through the conservation programme which includes measures such as bringing public sector dwellings up to a basic minimum standard of insulation, the programme of insulation and the installation of heating controls in other public sector buildings (see pp 21-2) and, as announced by the Secretary of State for the Environment on 12 April, a new system of grants to private householders for basic insulation measures.[1] Accordingly, the Government does not accept the Committee's proposal for a scheme for financial assistance towards the cost of installing domestic solar water heating apparatus.

Geothermal Energy

The Government accepts that any contribution to energy supply from geothermal energy is likely to be in the long term, but the White Paper notes that, nevertheless, there is the prospect of eventually securing worthwhile quantities of energy from this source. Additional Government funding of £856,000 will support further geological, geophysical and hydrogeological studies, more work on heat flow and a number of supplementary studies including market assessments for geothermal heat. The main elements of this research programme have been adopted as part of the European Community's research programme on geothermal energy and receive substantial support from Community funds, while in 1977 the Natural Environment Research Council signed an International Energy Agency implementing agreement to take part in an international study of methods of recovering energy from hot rock.

Tidal Power

Recent studies on the feasibility of tidal power in the Severn Estuary (one of the world's most suitable sites for tidal power) have included two commissioned by the Department of Energy which were summarised in a report published in 1977 (for publication details, see p 289, 1977). In the light of these studies and of the areas for further examination identified by the Select Committee, the Advisory Council on Research and Development for Fuel and Power proposed further work on various aspects of building a barrage. As recommended by the Select Committee, the Government intends to establish a Severn Barrage Committee, which will be chaired by the Department of Energy's Chief Scientist and have a membership reflecting local and wider interests and relevant professional expertise. Its first task will be to review the additional work needed on such schemes and to make recommendations to the Secretary of State for Energy on whether to proceed with a scheme for harnessing the tidal energy of the Severn Estuary. The Government has provisionally allocated £1·5 million for further studies, but wishes to have the Barrage Committee's advice before commissioning them. Work on gathering the environmental data for further feasibility assessments has already started, with the use of wave rider buoys to measure the height and frequency of waves in the Severn Estuary.

Wind Power

The White Paper says that the conclusions of the design study for a large horizontal axis aerogenerator suitable for hilltop sites, announced by the Department of Energy in 1977 (see p 289, 1977), were sufficiently encouraging to justify proceeding towards construction of a 60-metre diameter commercial-size prototype of 3·7 megawatts. The first step will be detailed design and component testing, costing £341,000 over a year. If the results are encouraging, consideration will be given to the next two phases involving the machine's construction and operational evaluation, costing some £2 million over about three years.

Work on vertical axis machines is at an early stage and the Department of Energy is supporting the development of one such machine, designed at Reading University. The White Paper says that offshore siting of aerogenerators may result in a higher contribution from wind energy than would otherwise be practicable, and the technical and economic problems associated with offshore siting are being investigated. Other work will include research on medium-sized aerogenerators (of about 100 kilowatts), environmental studies, turbine development and the assessment of new concepts. This will cost £465,000 over the next two years.

[1]The Homes Insulation Bill, now before Parliament, provides for the payment of these grants. It received its second reading in the House of Commons on 19 May (*Hansard*, cols 951-1010).

Safety and Pollution Control at Sea

Recent developments in connection with improving safety at sea and helping to prevent oil pollution have included the publication by the Government of a White Paper containing draft clauses of a Merchant Shipping Bill, which includes measures connected with pollution, pilotage, discipline, and health and safety; new measures to improve safety in the English Channel, agreed at a special meeting of the Anglo-French Safety of Navigation Group on 12 May; and the adoption by the British and French Governments of a contingency plan, known as 'Mancheplan', for dealing with maritime disasters in the English Channel and Dover Strait.

WHITE PAPER

The White Paper, published on 15 May,[1] says that the Government wishes to introduce as soon as possible a Merchant Shipping Bill to up-date merchant shipping legislation, to allow Britain to ratify some recent international conventions, and to ensure that seafarers should benefit from conditions of employment, safety and health which are comparable, as far as possible, with those which apply on land. However, as parliamentary time is unlikely to be available in the present session, the Government has decided to publish draft clauses of the Bill in the White Paper, so as to underline its commitment to these objectives and also to provide a further opportunity for consultation and comment.

Pollution

The White Paper says that agreement has been reached on a number of important conventions and protocols dealing with pollution and safety at sea by the Inter-Governmental Maritime Consultative Organisation (IMCO), notably at the conference on tanker safety and pollution prevention held in London in February 1978. Recent tanker incidents, particularly the oil pollution caused by the grounding of the *Amoco Cadiz* off the coast of Brittany, have underlined the importance of bringing these arrangements into effect as soon as possible. The Bill would enable Britain to ratify the International Convention for the Prevention of Pollution from Ships 1973, which consolidates, tightens and extends the 1954 convention on marine pollution and its amendments;[2] the 1978 protocol to the convention; and protocols to a number of other conventions. The adoption of these instruments would reduce the risk of tanker casualties and pollution from tank cleaning, and improve the means of dealing with them. In addition, the Bill would allow the ratification of the Athens Convention relating to the Carriage of Passengers and their Luggage by Sea 1974 and the 1976 protocol to that convention.

Pilotage

According to the White Paper, it has long been recognised that the Pilotage Act 1913 should be revised to ensure continuing high standards of safety in modern conditions, especially with the increasing use of deep draught ships. The Bill would establish a Pilotage Commission to act as a source of advice and as a stimulus to local pilotage authorities to promote the most efficient organisation of their services. In addition, the Bill would allow greater flexibility for authorities to adopt arrangements for compulsory pilotage appropriate to local conditions and, subject to the normal examination requirements, would make pilotage certificates available to nationals of all member countries of the European Community.

Discipline

The White Paper says that working groups on discipline in the merchant navy and in the fishing industry had reported in 1975 that the power to impose fines exercisable by masters of merchant ships was arbitrary and out-dated, and recommended that this responsibility should be undertaken by shore-based committees, which would be more democratic and judicial. The Bill would provide for the establishment of such committees. It would also make it an offence to take unauthorised liquor on board fishing vessels.

Health and Safety

The Bill would also include wide enabling powers to promote health and safety at sea 'in the same flexible way as on land', and would deal with a number of miscellaneous matters connected with shipping.

ANGLO-FRENCH SAFETY OF NAVIGATION GROUP MEETING

A special meeting of the Anglo-French Safety of Navigation Group, an official group responsible for improving safety in the English Channel and comprising representatives of British and French government departments, was held in Paris on 12 May. It was agreed that revised traffic separation schemes off Ushant and off Casquets in north-west France, which had been adopted in April 1978 by the Maritime Safety Committee of IMCO, should come into effect on 1 January 1979, the earliest practicable date. Trinity House would provide a manned lightship at the western end of the Casquets scheme and a large automated navigational buoy at the eastern end.

The Group discussed the form of a reporting-in system in connection with the traffic separation schemes in the English Channel for trawlers and ships carrying dangerous cargoes. It was agreed that this should be related to radar and radio coverage, and that such vessels should report on at least three occasions on passage through the Channel. Details would be formulated at a meeting on 7 June 1978 prior to discussion at IMCO in July 1978.

The longer-term evolution of traffic control in the Channel was also considered, in particular a proposal by Trinity House for a through route of some 200 miles (322 kilometres) with gateways for crossing traffic. The Group noted that this would have considerable implications for other interests, such as fishing, coastal traffic and mineral exploitation, and accordingly called for very careful consideration, both between Britain and France and internationally, with regard to the analysis of traffic and the experience of operating the new IMCO-approved schemes.

The Group considered that, subject to improvements which might be necessary in the light of the *Amoco Cadiz* disaster, the Mancheplan contingency plan, which had been drawn up under the Group's auspices, formed an effective basis for collaboration between the two countries in the event of a disaster in the Channel or the Dover Strait, and that it should be formally approved and brought into effect as quickly as possible.

MANCHEPLAN

Mancheplan was brought fully into force by the British and French Governments on 15 May. It is sufficiently flexible to be applied to all types of disaster including search and rescue, collision,

[1] *Action on Safety and Pollution at Sea: New Merchant Shipping Bill.* Cmnd 7217. HMSO, £1·35. ISBN 0 10 172170 6.

[2] For background information on these conventions, see COI short note *Notes on Control of Environmental Pollution: Marine and Coastal Problems*, SN 5988/5.

grounding, fire or explosion, chemical hazard and oil pollution. Both countries will respond immediately to any major incident in mid-Channel, but the site of the incident will determine which co-ordinates the joint operation. Under Mancheplan, control in Britain is centred at the Coastguard rescue headquarters in Dover (Kent), Brixham (Devon) or Land's End (Cornwall), and in France it is in the hands of the Préfet Maritime at Cherbourg or Brest. Contact has been established between coastal control centres and between Governments, and direct telephone and telex links have been provided in some cases. An exercise to test the arrangements is planned to take place shortly.

The 'Overview' Committee: British Aid Policy

Interdependence in the world economy and Britain's intention to direct its development assistance to the poorest people in the developing countries were the main themes of a speech by Mr Frank Judd, Minister of State at the Foreign and Commonwealth Office, at the United Nations 'Overview' Committee in New York on 11 May. The Committee, which met from 3 to 13 May, is known officially as the Committee Established Under General Assembly Resolution 32/174 (on 19 December 1977), and is designed to oversee, monitor and encourage the various negotiations taking place in the context of the North-South dialogue.

MR JUDD'S STATEMENT

Mr Judd began his speech by referring to the 'all-pervasive' fact of interdependence in the world economy and the need, in the current efforts to overcome the world recession, 'to take account of the enormous changes in the world economy which our increasing interdependence has brought'. In this context, he spoke of the great danger of 'a slide into protectionism with all the consequential dangers of uncontrolled nationalism', and of 'the vital role which the development of the developing countries has to play in surmounting these problems'.

The Purpose of 'Overview'

Mr Judd recognised that since the Seventh Special Session of the UN General Assembly in September 1975 (see pp 391-4, 1975), only relatively modest results had been achieved in the North-South dialogue. 'There is a danger', he continued 'that because of the great complexity of the issues and of the diversity of the fora which that complexity demands, we may lose sight of the wood for the trees. A great deal of hard work has gone into a number of specialised conferences and meetings. But, candidly, the average citizen could be forgiven if he had no clear picture of what it all added up to in terms of the fight for greater human justice. It is here', he explained, 'that "Overview" must surely have its chief justification. It is the place where we can so to speak "put it all together" and focus on it in the light of our political commitment. If the committee of the whole succumbs to the pressures of looking at the trees rather than the wood, it will fail to make its distinctive contribution. We must structure our meetings and indeed our methods of work to reflect this overall priority of political commitment and seeing the issues in the round. This is the place where the world should be able to assess the degree of political will for the success of the North-South dialogue.'

Transfer of Resources

Continuing, Mr Judd turned his attention to 'the action that governments can and should take to help developing countries supplement their earnings from trade in order to enable them more easily to meet their developmental goals', particularly through the flow of official development assistance (ODA). He stated that this 'responsibility rests on all developed countries whatever their political complexion .... We all share a responsibility for helping to provide the resources and techniques which will enable two-thirds of mankind to try and overcome poverty, hunger and disease.'

Despite the recent recession in the British economy, Mr Judd went on, the British Government 'believed it right to undertake a commitment at the Paris Conference last year (see pp 228-9, 1977) on the need to increase our aid effectively and substantially and to consider adopting specific measures to ensure such increases. To respond to that commitment, we... have adopted plans involving an average 6 per cent real growth per annum in our aid over the next four years – a rate much faster than that of any other sector of our public spending as a Government. This relates to the vital need for predictability. Forward planning of our aid volume in this way gives the greatest assurance to the poor countries, and the multilateral institutions on which they also depend.... We in Britain are playing a vigorous part in the replenishment of the Asian Development Fund and similar institutions and want particularly to see a large increase in the capital of the World Bank. Indeed', he added, 'I should like to see such a system applied not only to the lending bodies, but, if possible, also to the UN Development Programme.'

Help for the Poorest

Britain recognised, however, that there were clear limits to what any one country could do and therefore had adopted 'clear priorities for the direction of resources we provide. We see a requirement', Mr Judd continued, 'to couple aid increases with the emphasis that the major proportion of what we can provide from public budgets should go to the poorer who need it most – both as between countries and within countries. The poorer countries have a particular need for it for their growth, for it is plain that the benefits of continuing expansion through borrowing are not flowing chiefly to those countries.... We have, therefore, to make a particular effort tc help them make an appropriate contribution to world recovery. The undertaking which we and other developed countries made at the meeting of

the UNCTAD[1] Trade and Development Board in March with regard to the retrospective adjustment of the terms of past ODA for the least developed and other poorer countries is a recent and important illustration of the concern we and others feel for these countries.'

However, Mr Judd explained, it was not enough simply to concentrate aid efforts on the poorer countries, it being necessary also to concentrate 'development more specifically on helping the poor in each country. . . . This principle', he stated, 'underlies our own policy on development aid. Redistribution within any society is naturally properly a matter for that country alone. But aid can be used to contribute towards redistribution and to the satisfaction of people's basic needs through the generation of economic growth. For this', he went on, 'an old fashioned welfare approach to aid will not work. It is only through an increase in the output and incomes of the poor that they can achieve a permanent and continuing increase in their living standards. This therefore is the basis of British aid strategy. It implies a need for the direct improvement of, for instance, rural health services and urban water supplies, which are essential to people's welfare: and we therefore continue to support projects of this kind. But it also implies a need for indirect support through large infrastructure schemes – all with the aim of improving basic needs through self-sustaining growth directed for the benefit of the poor.'

Four Imperatives for Development Policy

In Britain's view, Mr Judd stated, the rationale for a policy on world development rested on four interdependent imperatives:

1 The moral imperative which derived its motive force from the wide gap between rich and poor countries;

2 the economic imperative that 'it is in the long term interests [of advanced countries] to live in a world where developing countries are helped to develop their agricultural and industrial potentials on the basis of comparative advantage and thereafter to participate in world trade on equal terms';

3 the strategic imperative that 'economic instability is [often] only one step away from political instability'; and

4 the structural imperative that institutional changes will be required as economic relations evolve and change, including a greater role for developing countries in economic management.

Britain recognised, Mr Judd concluded, that 'its national interests are inescapably bound up with those of other countries', and sought the enhancement of these interests through co-operation. 'We recognise that our full recovery will only be found in the context of world recovery and that we can only guarantee a buoyant economy for ourselves in the context of a buoyant world economy.'

BACKGROUND

The 'Overview' Committee, also referred to as the Committee on Economic Issues, was established to help the General Assembly with 'overseeing and monitoring the implementation of decisions and agreements reached in the negotiations on the establishment of the new international economic order in the appropriate bodies of the United Nations system'. It is a committee of the whole and is open to the participation of all states.

The Committee will meet between regular sessions of the General Assembly until 1980, when the Assembly plans to hold a special session on economic issues. This will 'assess the progress made in the various forums of the United Nations system in the establishment of the new international economic order and, on the basis of that assessment, [will] take appropriate action for the promotion of the development of developing countries and international economic co-operation, including the adoption of the new international development strategy for the 1980s'.

[1]United Nations Conference on Trade and Development.

Commonwealth Development Corporation

ANNUAL REPORT[1]

New commitments by the Commonwealth Development Corporation (CDC) in productive enterprises in developing countries totalled over £45 million in 1977, bringing the Corporation's total investment commitments at the end of the year to £333·9 million. Of this, £260·6 million had been invested. Of the total committed, £144·9 million was for basic development, including power and water, housing finance and transport; £131·3 million for primary production and processing; and £57·7 million for industry and commerce. In all, the CDC was involved in some 240 projects in 43 countries (six of them – Costa Rica, Indonesia, Thailand, Ethiopia, Cameroon and the Ivory Coast – outside the Commonwealth).

The CDC is a statutory body, established in 1948, whose main source of funds is exchequer advances, which are allocated from the aid programme. Since 1969 it has been empowered to operate both in Commonwealth and non-Commonwealth countries. It invests in the development of resources, material and human, choosing its projects principally for their development value to the country concerned. They are required to operate on business-like lines, so as to provide a reasonable rate of return on the money invested. Its operations, undertaken only with the full consent and encouragement of the host countries, are complementary to official aid programmes, to private sector investment and to international measures aimed at improving the terms of trade of developing countries. Within the overall strategy, preference is given to projects which generate foreign exchange earnings or which

[1]*Commonwealth Development Corporation: Report and Accounts 1977*. HMSO, £2·50. ISBN 0 10 903799 3.

result in savings of foreign exchange, thereby helping to improve the balance of payments of the host country; which encourage savings and assist credit formation, thus reducing reliance on borrowing abroad; which create local job opportunities, foster management capability and spread technical knowledge; and which contribute to greater income equality inside the developing country. In addition, CDC investments are directed in the main towards the poorer countries and, so as to reach the greatest number of the poorest people in those countries, towards the development of natural resources, since the majority of the world's poorest live in rural areas. This emphasis is in line with that of Britain's aid policy in general (see pp 446-8, 1975).

General Review

During the year, the CDC continued to concentrate its efforts in the poorer countries and to look for productive projects in the rural areas, so as to help in improving the lot of those most in need. Nearly all the new commitments, which embraced 23 projects in 13 countries, were directed towards the poorer countries and 69·8 per cent towards projects for the development of renewable natural resources. The projects covered a wide spectrum of agricultural activities, including the growing and processing of sugar-cane, rubber, oil palms, tobacco, tea, wattle, pedigree food-crop seeds, wheat and maize, the production of woodpulp, forestry, and training in agricultural management. There were also commitments in industrial ventures producing textiles, sewing threads, wire ropes and potable alcohol, hotels, low-cost housing and the supply of water and electricity. The agricultural projects which the CDC has supported, particularly those which set out to help small farmers to become more productive, have involved large numbers of some of the poorest members of the community; other projects in the rural areas, organised on a plantation basis, have offered the landless a living wage through regular paid employment, often including housing and welfare amenities, and a chance to learn new skills.

One of the principal deficiencies which hampers progress in some developing countries is the shortage of people with management experience. Recognising this, a great deal of effort is made in all projects under CDC management to train nationals to fit them for appointment to management positions of responsibility. Several of the larger CDC-managed projects have a specialised training manager to facilitate this. Moreover, since management practices may need to be adapted to suit the particular environment, much of the initial training is given 'on the job', supplemented later by attachment to a similar enterprise in another country so as to enable the trainee to broaden his perspective and experience or by external courses at institutions in the appropriate field. One such institution is the Mananga Agricultural Management Centre, established by the CDC in Swaziland, which provides three-month courses in planning and control in agricultural management. The Centre is located amongst the complex of CDC agricultural projects in the Swaziland low veld and is open to students from all over the world. Since it was started in 1973, nearly 400 students from 29 countries have attended courses there, many of them with assistance provided by the Commonwealth Fund for Technical Co-operation.

CDC Investments and Outstanding Commitments by Region at end-1977

£ thousand

Region	Invested	Outstanding commitment
Caribbean	51,690	4,871
East Asia and the Pacific Islands	67,517	15,340
East Africa	40,681	16,382
Central Africa	51,993	15,214
Southern Africa	29,546	14,043
West Africa	17,583	7,474
Other areas	1,606	—
Total	260,616	73,324

As in the previous year, the CDC continued in 1977 to dispose of its holdings of equities in companies which it had helped to establish and to become successful. Such disposals result in the real transfer of ownership of economic resources to developing countries and also enable the Corporation to revolve its funds through re-investment in new enterprises. In 1977 the CDC disposed of its shareholdings in companies in Nigeria, Malaysia and East Africa.

The number of non-Commonwealth countries in which the CDC is authorised to operate was raised to 13 in 1977 with the addition of Ecuador, Liberia and the Philippines. The other ten comprise the six countries in which it already has investments (see p 224) and Rwanda, Sudan, Tunisia and Zaire.

The Caribbean

CDC commitments in the Caribbean totalled £56·56 million at the end of 1977. During the year efforts to identify suitable opportunities for further investment in the agricultural sector continued and several promising prospects were under investigation at its end, including a possible loan for the installation of irrigation on established banana plantings in Belize and a project in Ecuador. In 1977 further loan advances were made for dairy development in Jamaica. In the important field of training, added impetus was given to the CDC's policy of devolving administrative responsibility and training local management for its subsidiary companies, when, with assistance from the Commonwealth Fund for Technical Co-operation, a full-time training officer was appointed to organise formal and on-the-job instruction for executives and technicians with particular reference to the training needs of the five CDC-managed electricity supply companies in the Windward and Leeward Islands. At the end of 1977, the CDC had 13 West Indian graduates under training in the region, seven gaining practical experience in engineering and six studying for professional accountancy qualifications.

East Asia and the Pacific Islands

Although the pace of new commitments achieved in this region in 1976 was not repeated in 1977,

disbursements against earlier commitments greatly increased the capital invested, this rising from £57·9 million to £67·52 million. New approvals comprised one new industrial project (the production of industrial and domestic sewing thread and yarn) and a supplementary commitment to a tea and rubber plantations project, both in Indonesia. Also in Indonesia, arising from earlier commitments, a supplementary investment was made in a spinning mill project.

Africa

In East Africa, where the CDC has about 55 projects spread over Kenya, Uganda, Tanzania, Mauritius, Seychelles and Ethiopia, supplementary commitments of £6·43 million brought total commitments in the region to £57·06 million (compared with £52·56 million in 1976). The additional finance was provided for the expansion of a major sugar refining project (£4·56 million) and of a textile concern in Kenya, and for the further development of a wattle factory (£900,000) and a seed factory (£570,000) in Tanzania. In Ethiopia, CDC management and financial operations in a tea plantation were formally suspended in view of the civil disturbances in the country.

In central Africa (Zambia, Malawi and Zaïre) CDC commitments increased by a record £16 million, bringing the total commitment to £67·2 million. Included in this figure is a CDC loan to the Central African Power Corporation, made in 1956, the balance of which now stands at £13·07 million. In Malawi, new commitments totalled £14 million, thereby almost doubling the CDC's total commitment in the country. Projects supported included a hydro-electric development at Nkula Falls (£8·05 million), the water supply system for Blantyre and surrounding areas (£1·84 million) and a new sugar factory and estate being developed by the Malawi Government (£2·33 million). In addition, at the end of the year, negotiations were well advanced for expanding the smallholder tea industry and for assisting the Government to develop a sugar-cane smallholders settlement scheme. In Zambia, the CDC established and financed a pilot green-leaf tobacco project and committed £3·64 million for the expansion of a government-owned forestry project. The latter, as well as the three commitments in Malawi, involved the CDC providing funds alongside funds disbursed by the World Bank group. Four Zambian projects, covering lime production, electricity supply, tobacco farming and farm settlement, received investments arising from previous commitments.

During 1977 new commitments worth just over £13 million were made in respect of projects in the Southern African countries of Botswana, Lesotho and Swaziland. The first two countries received £1·365 million and £630,000 respectively for housing development schemes, the rest of the new commitments being provided mainly for agricultural processing operations in Swaziland. These comprised £7·5 million towards the cost of expanding a sugar mill belonging to a CDC company, together with a loan to Swaziland to enable it to purchase 50 per cent of the company's shares; £2·502 million towards the establishment of the Royal Swaziland Sugar Corporation Ltd which will provide the country with a third area of sugar-cane cultivation and another sugar mill; and £1 million for a company producing unbleached kraft pulp. In addition, a further £62,000 was invested in the Mananga Agricultural Management Centre. At the end of the year, the CDC was investigating the possibilities of contributing to a pilot ranching scheme in Botswana.

In West Africa the CDC's commitments increased in 1977 by some £7·86 million to total £25·06 million. Commitments to new projects included £2·5 million for an oil palm and coconut outgrowers project in the Ivory Coast and £350,000 for a brewery and soft drinks plant in The Gambia. Supplementary commitments comprised £3·87 million for the Cameroon Development Corporation, a statutory body which owns and operates rubber, oil palm, banana, tea and pepper plantations, £1·1 million for rubber development in the Ivory Coast, and £440,000 for the further development of a hotel project in Nigeria. Projects under investigation during the year included tea growing in Cameroon, the development and processing of limes in The Gambia, an oil palm estate in Ghana and rubber development in Liberia.

Shorter Notes

COUNTER-INFLATION POLICY

The index of retail prices for all items rose by 7·9 per cent over the 12 months to April, the lowest annual rate of increase since February 1973. Food prices rose by 6·3 per cent over the same period, the lowest figure since June 1970. In March the average annual inflation rate for the member countries of the Organisation for Economic Co-operation and Development was 7·8 per cent, compared with UK rates of 9·1 per cent in March and 7·9 per cent in April. Speaking to the American Chamber of Commerce on 11 May, the Secretary of State for Prices and Consumer Protection, Mr Roy Hattersley, said that the inflation figure would continue to improve and would remain in single figures throughout 1978.

Pay Policy Anomalies

The Secretary of State for Employment, Mr Albert Booth, announced on 22 May (*Hansard*, written answers, col 426) that increments due under stage 1 of the pay policy, but which had been withheld for those earning more than £8,500 a year, could be paid immediately. Those entitled to an increase on an incremental scale which was withheld in stage 1 (the 12 months from 1 August 1975 – see p 268, 1975) and who consequently remained one step behind in stage 2 (the 12 months from 1 August 1976) may now be restored to the point on the scale they would otherwise have occupied with effect from 1 August 1977. Payments may be retrospective to that date if need be. This supersedes earlier advice given in some cases to the effect that the appropriate date for the restoration should not be earlier than the stage 3 settlement for the group concerned. Any increase would have to be

offset against the 10 per cent pay limit for stage 3 settlements although in cases where firm settlements had already been reached on the basis of earlier advice, the cost of the increment would have to be offset against the next main settlement for the group concerned.

NATIONAL INCOME AND EXPENDITURE 1977

Britain's output of goods and services (gross domestic product – GDP) was valued at £122,453 million in 1977. In real terms there was a rise of about 1 per cent between 1976 and 1977. Real national disposable income, which takes into account net property income from abroad and the effect of changes in the terms of trade, also rose by about 1 per cent between 1976 and 1977, but increased significantly faster than GDP between the two halves of 1977, mainly because of the strengthening of sterling. Output of the production industries rose by about 1·5 per cent in real terms over the period.

Total domestic income (income from employment and self-employment, gross trading profits and rent) rose by 11 per cent. The largest component, income from employment, rose by about 10 per cent. As a result of tax changes and rebates (see p 426, 1977), total personal disposable income (after deduction of taxes and national insurance contributions) rose by 6 per cent in the final quarter of 1977 – 5 per cent in real terms, the largest quarterly rise for nearly six years. For 1977 as a whole, however, real personal disposable income was about 1 per cent lower than in 1976 as prices rose faster than earnings. Similarly, consumers' expenditure fell by 1 per cent over the year in real terms, falls in expenditure on food, wines and spirits, tobacco and durables more than offsetting rises elsewhere.

Profits from North Sea oil operations improved the overall profits performance of British industry considerably between 1976 and 1977, although their impact lessened during the year as operating costs and exploration expenditure increased. After deducting stock appreciation, gross trading profits rose by 38 per cent between 1976 and 1977 at current prices; if profits from North Sea oil and gas are also excluded, the rise was 25 per cent. The total volume of investment in 1977 was lower than in any year since 1967.

This summary is based on revised figures of national income and expenditure in the fourth quarter and year 1977, together with estimates of the sector current or appropriation accounts, fixed capital formation and the summary capital account, published in a Central Statistical Office press notice, CSO(78)28, on 7 April. This has replaced information published in earlier years in an annual White Paper, *Preliminary Estimates of National Income and Balance of Payments*. For a discussion of balance of payments figures for 1977, see pp 130-4.

NATIONAL ENTERPRISE BOARD

The National Enterprise Board (NEB) and its companies made a profit before tax and extraordinary items (of £46 million, mainly in British Leyland and relating largely to plant closures) of £34 million in 1977, according to the annual report and accounts of the Board published on 4 May.[1] The trading profit before tax of British Leyland, its largest subsidiary, dropped from £71 million, in the 15 months to 31 December 1976, to £3 million in the year ended 31 December 1977. The Secretary of State for Industry had, with the NEB's agreement, set it an interim financial duty in respect of British Leyland, of achieving a rate of return on total capital employed of 10 per cent a year by 1981.

Rolls-Royce, the other main NEB subsidiary, showed a profit before tax of £20 million in 1977, compared with a loss of £25 million in 1976. This was a good result, the report says, in view of the depressed state of the international market for aero-engines. Good progress had been made in the development of the RB 211 series of engines, and Rolls-Royce's recent success in obtaining an order for RB 211-524 engines from Pan American World Airways (see p 172) was very encouraging.

The remainder of the Board's investments produced a profit before tax of £11 million, representing a rate of return on total capital employed of 11·4 per cent. The 1977 results included contributions from 25 companies compared with eight in 1976, and represented a reasonable base from which to achieve the financial duty of a 15-20 per cent return on capital employed (excluding British Leyland and Rolls-Royce) by 1981 (see p 24).

During 1977, the NEB made new investments totalling £200 million in 22 companies, bringing the total number of companies in which it had interests to 33 and the total funds invested by the NEB since it was formed to £272 million. This, together with share capital and loans totalling £497 million previously taken over from the Government, resulted in aggregate investment for which the Board was responsible amounting to £769 million at 31 December 1977.

The report says that the NEB has recently strengthened its efforts in the regions by appointing Regional Boards for its Northern and North West regional offices (see p 232, 1977), composed of local businessmen and trade unionists under the chairmanship of the NEB's deputy chairman. The NEB's strategy in the regions was to help medium-sized and smaller firms, which offered a wider range of new employment opportunities than the branch operations of large companies.

During 1977 NEB staff continued to study a number of priority sectors, laying emphasis on acting as far as possible in an agreed way with the companies in the sectors concerned. Most progress had been made in the computer and electronics industries, in which the Board had significant interests, in particular in the manufacture of mainframe computers and computer peripherals, computer software and related activities. Considerable efforts had also been made to assist exports, and the NEB was expanding opportunities for the export of medical services and equipment in conjunction with three leading financial institutions.

[1] *National Enterprise Board: Annual Report and Accounts 1977*. Available from Information Department, NEB, 12-18 Grosvenor Gardens, London SW1W 0DW. £1·75.

BRITISH AEROSPACE

British Aerospace made a trading profit of £65 million before tax and exported goods valued at a record £536 million in 1977, according to its first annual report and accounts[1] published on 17 May. The total order book stood at £2,300 million at the end of 1977, an increase of £800 million compared with 1976. As the shares of the four constituent companies (British Aircraft Corporation, Hawker Siddeley Aviation, Hawker Siddeley Dynamics and Scottish Aviation) were vested in the new corporation on 29 April 1977 (see pp 193-4, 1977), the report covers the last four months of individual operations of these companies.

Exports accounted for 62 per cent of the total sales turnover of £860 million in 1977, an increase of nearly £120 million over 1976.

SOILLESS CROP CULTIVATION

Britain leads in the hydroponics (soilless cultivation) technique of crop production under protection which uses the nutrient film system. This was indicated by the Parliamentary Secretary at the Ministry of Agriculture, Fisheries and Food, Mr Gavin Strang, in a parliamentary answer on 4 May (*Hansard*, 4.5.78, written answers, cols 267-8). 'A number of commercial firms are developing equipment for use in connection with the technique', said Mr Strang, 'and there is quite a volume of export trade with the Middle East, South America, Australia and the United States of America.'

The Ministry had commissioned research on hydroponics with both the Agricultural Research Council (ARC) and the Agricultural Development and Advisory Service (ADAS). Research was being carried out at the ARC's Glasshouse Crops Research Institute to establish the correct cultural conditions for the main range of protected crops, particularly tomatoes. The technique was being further developed and evaluated by ADAS on a wide range of protected crops at five of the Ministry's experimental horticulture stations. Studies were progressing on the use of different nutrient solutions at different temperatures and on various potting media. Additionally, at one of these stations experiments were taking place on the growing of cucumbers on rock wool using nutrient solutions.

The technique was already being evaluated by some growers who were maintaining a close liaison with the Institute and ADAS.

WINDSCALE

Members of Parliament reaffirmed their support for the project put forward by British Nuclear Fuels Ltd (BNFL) for a new thermal oxide reprocessing plant (THORP) at Windscale (see pp 98-100 and 180-2) when, following a debate in the House of Commons on 15 May (*Hansard*, cols 111-82), they rejected by 224 votes to 80 a motion calling for the withdrawal of the Special Development Order granting planning permission for the plant. Accordingly, the Order came into force on 15 May.

BNFL signed contracts worth nearly £500 million with representatives of ten Japanese electricity utilities in Tokyo on 24 May for the transport and reprocessing of spent nuclear fuel. The Chairman of BNFL, Sir John Hill, described the signing of the contracts as 'a very significant step forward in international collaboration in atomic energy, particularly collaboration between Japan, France and the United Kingdom'. The contract for reprocessing of Japanese spent nuclear fuel is worth nearly £300 million and reprocessing will be carried out in the THORP at Windscale. BNFL expects to complete negotiations in the summer of 1978 on further reprocessing contracts with European electricity authorities. The transport contracts, which are worth almost £200 million, cover the shipment of 1,600 tonnes of spent nuclear fuel from Japan to Windscale and a further 1,600 tonnes to the plant of the French reprocessing company, Compagnie Générale des Matières Nucléaires (COGEMA). Transport will be undertaken over a nine-year period from 1982 to 1990 by Pacific Nuclear Transport Ltd, in which BNFL has a 75 per cent interest and Japanese shareholders 25 per cent.

BRITISH RAILWAYS BOARD

In 1977 the British Railways Board improved its operating surplus and more than met the financial objectives agreed with the Government, according to its annual report and accounts, published on 4 May.[1] The Board's turnover, including financial support, amounted to £1,678 million in 1977 when an operating surplus of £68·4 million was achieved, £54·7 million more than in the previous year. After interest payments and other items, there was a net surplus of £27 million. All the Board's activities except the hovercraft subsidiary (which had one of its two craft out of service for major reconstruction to increase capacity) recorded better operating results. Passenger travel on the railways rose by 3 per cent in 1977 to an estimated 18,200 million passenger-miles,[2] although the low level of industrial activity continued to affect the amount of freight handled, which declined by 6 million tonnes to 170·4 million tonnes. In their first full year of operation, the High Speed Trains (HSTs) helped to increase the rail share of the passenger market on the routes between London and Bristol/Weston-super-Mare, and London and south Wales. Each day ten trains average over 98 miles per hour on the journey from London to Reading, the fastest average speed in Britain and the fastest in the world for a diesel train. HST services on the London-Edinburgh route were introduced on 8 May 1978. High standards of safety were maintained on the railways in 1977, and for the second successive year no passengers were killed in train accidents.

BRITISH TRANSPORT DOCKS BOARD

A further improvement in the financial results of the British Transport Docks Board (BTDB) occurred in

[1] *British Aerospace. Annual Report and Accounts 1977.* £1·50. ISBN 0 906351 00 6.

[1] *British Railways Board. Annual Report and Accounts 1977.* BRB. HMSO, £1. ISBN 0 11 982663 1.

[2] 1 mile = 1·609 kilometres.

1977, according to its annual report and accounts, published on 27 April.[1] Total revenue amounted to £110·5 million in 1977; the operating surplus, after historic cost depreciation but before interest charges, was £29 million, £3·2 million more than in 1976; and the net surplus after tax was £7·3 million. The operating surplus as a proportion of capital employed rose from 15·5 to 16·8 per cent, and the report says that this represented a positive step towards the target of 20 per cent by 1980 which was agreed with the Government during the year. Factors which helped to increase profitability were an increase in high-value traffic, tight control of costs, benefits from investment, and the extension of the BTDB's stevedoring activity. Higher profits were achieved despite a fall in traffic through the BTDB's 19 ports from 83·5 million tonnes in 1976 to 77·2 million tonnes in 1977, mainly as a result of lower imports of oil and iron ore, and the diversion of coal imports from ports in south Wales.

BRITISH NATIONAL OIL CORPORATION

In 1977 the British National Oil Corporation (BNOC) developed its activities substantially, notably through continued involvement in offshore exploration and development, the conclusion of further agreements on state participation, and a virtual doubling of its employees, according to its annual report and accounts, published on 18 May.[2] Capital expenditure in 1977 amounted to £169 million, of which £146 million was spent on the development of oilfields for production and £22 million on the BNOC's participation in 25 exploration and appraisal wells and other offshore exploration. By the end of 1977 the BNOC had net assets valued at £557 million. It was the operator for the Thistle field (which started production in March 1978) and for 1,616 square kilometres (624 square miles) of the United Kingdom Continental Shelf (UKCS), held equity interests in the Viking gasfield and in four oilfields under development (Ninian, Dunlin, and the British sections of Statfjord and Murchison), was involved in 15 of the 17 oilfields in production or under development in the UKCS, and held working interests in 12,244 square kilometres (4,727 square miles) of the UKCS licensed for petroleum production. Commercial sales in 1977 amounted to £25 million, net of royalties, and the BNOC's operating profit was £5 million, although after interest and financing charges, there was a net loss of £2 million. Participation agreements dealing with licences in existence before the BNOC's establishment were mainly completed. These agreements make it possible for the BNOC to play a role in developing the commercial oilfields in the UKCS and ensure that the BNOC, on behalf of the nation, will have access to a substantial supply of high quality oil from a secure source through the 1980s and beyond. By the end of 1977 the BNOC employed 745 people, compared with 388 at the end of 1976, and had established its new head office in Glasgow.

ST FERGUS GAS TERMINALS AND FRIGG FIELD

The gas terminal complex at St Fergus (Grampian), which is designed to handle supplies of gas from both the British and Norwegian sections of the Frigg field (see map, p 177), and is one of the largest coastal gas reception sites in Europe, was inaugurated on 9 May by the Queen. In a related ceremony the previous day, King Olav of Norway officially inaugurated the Frigg field, which had begun production in September 1977 and is expected to be producing by 1979 around 43 million cubic metres (1,500 million cubic feet) of gas a day, equivalent to about 30 per cent of the British Gas Corporation's current supplies. These ceremonies marked the virtual completion of the construction phase of the biggest gas development scheme in the North Sea which involved offshore work – comprising seven major structures in the North Sea and two submarine pipelines – costing almost £2,000 million, and onshore developments costing about £500 million for the terminals, other installations and pipelines. By the mid-1980s St Fergus will be transmitting some 50 per cent of Britain's natural gas supplies.

The St Fergus complex covers 500 acres,[1] of which 240 acres are reserved for facilities for handling gas from the Frigg field; there is substantial extra space to handle gas from the Brent oilfield and from other sources. Gas is initially received at the terminal of Total Oil Marine (a principal operating company in the North Sea and a subsidiary of Compagnie Française des Pétroles) where it is dried, checked and metered. The gas is then passed to the British Gas Corporation terminal where very small quantities of harmless odorants are added so that any leaks can be detected in its passage to the final user; further checks are made to ensure that the gas contains no impurities; and it is compressed to the required pressure. Thereafter the gas is sent out through the natural gas transmission network.[2] Two pipelines have been built from St Fergus to Bathgate (Lothian), a third now under construction will be commissioned in 1979, and a fourth will be laid between 1980 and 1982 to Bishop Auckland (Durham).

[1] *British Transport Docks Board. Report and Accounts 1977.* Available from the BTDB, Melbury House, Melbury Terrace, London NW1 6JY.

[2] *The British National Oil Corporation. Report and Accounts 1977.* Available from the BNOC, 150 St Vincent Street, Glasgow G2 5LJ. ISBN 0 906049 01 6.

[1] 1 acre = 0·405 hectare.

[2] For a map of the natural gas transmission network, see COI reference pamphlet *British Industry Today: Energy*, R5977, or COI short note *Britain's Offshore Oil and Gas*, SN6018.

SOCIAL AND CULTURAL AFFAIRS

Regulation of the Medical Profession

New powers to maintain and improve professional medical standards are contained in the Medical Act 1978 which received Royal Assent on 5 May. These include tighter control of a doctor's physical and mental fitness to practise and a new procedure for overseas doctors wishing to work in Britain.

The changes are part of a major reform of the General Medical Council, the body responsible for the regulation of the medical profession, and are in line with the recommendations of the Merrison Committee (see pp 219-20, 1975). Doctors are not allowed to practise in Britain without registration by the Council. Under the new Act a majority of the Council will consist of doctors elected by the profession and the remaining members will be appointed by educational bodies or nominated by the Crown.

The Council is being given fresh powers to offer advice to doctors on standards of professional conduct and medical ethics, and a professional conduct committee and a preliminary proceedings committee are to replace the existing disciplinary and penal cases committees. A new committee is being created with powers to suspend a doctor's registration or make it conditional if the committee judges his or her fitness to practise to be seriously impaired because of mental or physical ill-health.

Overseas Doctors

Under the Medical Act all overseas-trained doctors will have to satisfy the Council as to their knowledge of English if they wish to practise in Britain. For doctors from outside the European Community, the Council will in future give full recognition only to those whose qualifications are equivalent to those of doctors trained in the United Kingdom: the present form of temporary registration will be replaced by a different and more flexible system of limited registration from which doctors will be able to progress to full registration once they satisfy the Council that they meet the required standards of medical competence. There will be a Review Board which, at the request of a doctor, may review certain decisions of the Council concerning his or her registration.

Doctors from other member states of the European Community are already free to practise in Britain, as the General Medical Council recognises medical diplomas or degrees awarded in a medical school or other appropriate institution of a member state. Immediate registration is given to qualified doctors from another member state if they have the necessary knowledge of English. For other qualified doctors registration is restricted to six months and normally lapses if, by the end of the period, they have not satisfied the General Medical Council that they have adequate knowledge of English.

Vaccine-damaged Children

A tax-free sum of £10,000 is to be provided for every child severely damaged by vaccines recommended by the Government health departments for the benefit of the community.

Background

Britain has no compulsory programme of vaccination, but since 1948 the Government has encouraged parents to have their children vaccinated against diphtheria, tetanus, whooping cough, poliomyelitis, measles, rubella (for girls only) and tuberculosis. Vaccination against smallpox ceased to be offered as a routine procedure in 1971.

Like other medicines, vaccines can cause reactions but, when these occur, they are usually mild and brief. Quite exceptionally, a child may suffer severe brain damage, particularly following vaccination against whooping cough. Problems over establishing the cause of damage make it difficult to produce reliable figures.

Despite recent controversy about whooping cough vaccine, vaccination programmes are seen by the health departments as one of the most effective forms of preventing deaths and serious illnesses. Since national vaccination against diphtheria began, for instance, the number of cases has been reduced from over 50,000 a year to less than 10 in 1977. Poliomyelitis has nearly been eliminated as a result of vaccination.

The Joint Committee on Vaccination and Immunisation, which gives professional advice to the Government, has recently reaffirmed its support for vaccination against whooping cough. In March the Government started a publicity campaign in the national press and published leaflets giving parents the facts about vaccination and showing the benefits and the risks.

When recommending vaccination, the health departments offer detailed advice to doctors and health authorities on the precautions to be observed and on medical conditions which may be associated with serious reactions to vaccination. Doctors advise parents on vaccination.

The Compensation Scheme

Details of the Government's scheme to compensate for damage caused by vaccination were announced in the House of Commons on 9 May by Mr David Ennals, Secretary of State for Social Services (*Hansard*, cols 973-85). The scheme will provide for the payment of a tax-free sum of £10,000 in respect of children (and adults) who have been severely damaged as a result of vaccination recommended by the health departments and undertaken to protect the community.

In the interests of speed and ease of administration, the initial qualifying test will be receipt of attendance or mobility allowance for conditions that can be attributed to vaccine damage. (Attendance allowance is a weekly social security benefit payable for people who are severely disabled, physically or mentally, and who require a great deal of attention from another person. Mobility allowance, also payable weekly, helps to meet the transport costs of severely disabled people unable, or virtually unable, to walk.) If an application for compensation does not succeed, there will be a right of appeal to an independent adjudicating body consisting of two medical specialists and a legal chairman. The Government will do its best to start making payments before the end of the year.

The new scheme will not pre-empt decisions that may be made on the recent recommendations of the Royal Commission on Civil Liability and Compensation for Personal Injury (see p 143). The Commission stated that there should be strict civil law liability for severe damage suffered by anyone as a result of vaccination recommended in the interests of the community. It also concluded that there should be a new weekly social security benefit for all seriously disabled children whatever the source of their handicap. These and other recommendations are under careful consideration by the Government.

Shorter Notes

STUDENT GRANTS

The Government is to discuss with local education authorities in England and Wales the establishment of a statutory system of awards for young people in the 16 to 18 years age range who remain in full-time education in schools and colleges. Announcing this to the House of Commons on 12 May, the Secretary of State for Education and Science said that the Government was anxious to have more young people staying on in relevant education (*Hansard*, written answers, col 617). [At present about 30 per cent of those aged between 16 and 18 remain in full-time education in school sixth forms or in colleges of further education.]

CHILDREN WITH SPECIAL EDUCATIONAL NEEDS

A new framework of special education, based on the concept of special educational need, has been recommended in *Special Educational Needs*, the report of the Warnock Committee on the education of handicapped children and young people (see p 235). It would cover not only children with disabilities of mind or body but also those who have significant difficulties in learning, many of whom are at present the concern of remedial services, as well as those with emotional or behavioural disorders. The abolition of the present statutory categorisation of handicapped pupils is recommended. The report singles out several priority areas: provision for the under-fives and the over-16s; developments in teacher education and training; the organisation of a special education advisory and support service; and the promotion and co-ordination of research and development. The planning of services, the report proposes, should be based on the assumption, suggested by surveys, that about one in six children at any time and up to one in five at some time in their school career require some form of special educational provision.

The Government is to hold wide consultations before reaching decisions on the report's recommendations.

DOCUMENTATION

External Affairs and Defence

United Nations Special Session on Disarmament (see pp 201-4). COI, Factel No 680.

Code of Conduct for Companies with Interests in South Africa. Cmnd 7233. HMSO, 40p. ISBN 0 10 172330 X.

Agreement in the form of an Exchange of Letters extending the Trade Agreement between the European Economic Community and . . . [Argentina]. Cmnd 7158. HMSO, 15p. ISBN 0 10 171580 3.

Agreement extending the Interim Agreement between the European Economic Community and . . . Morocco. Cmnd 7182. HMSO, 15p. ISBN 0 10 171820 9.

Agreement extending the Interim Agreement between the European Economic Community and [Portugal]. Cmnd 7155. HMSO, 15p. ISBN 0 10 171550 1.

Basic Agreement between . . . Britain . . . and . . . Venezuela on Economic and Industrial Co-operation. Cmnd 7184. HMSO, 25p. ISBN 0 10 171840 3.

Economic and Scientific Affairs

Economic Policy. Report of the Committee on Policy Optimisation, chaired by Professor R. J. Ball, of which the terms of reference were 'to consider the present state of development of optimal control techniques as applied to macro-economic policy [mathematical techniques concerned with reconciling certain specified goals, given a limitation of resources which forces a choice of alternative sets of policy outcomes]; to make recommendations concerning the feasibility and value of applying these techniques within Her Majesty's Treasury'. The Committee concluded that policy optimisation was feasible but of limited use, best regarded as part of the total procedure of building, testing and using economic models. It recommended that the Treasury should have a research unit working on this topic, and on other changes in economic theory, with an independent advisory council to oversee its progress and decide on priorities. It also recommended that any such increased capability for generating alternative policies should be shared with the general public. Cmnd 7148. HMSO, £1·85. ISBN 0 10 171480 7.

National Savings Certificates. The Chancellor of the Exchequer, Mr Denis Healey, announced in the House of Commons on 19 May that the introduction of the new Seventeenth Issue of National Savings Certificates (see p 163) had been deferred. The current Fourteenth Issue would continue on sale for the time being and the present maximum permitted holding of £1,000 would be increased from 1 July to £3,000. *Hansard,* 19.5.78, written answers, col 327.

Committee to Review the Functioning of Financial Institutions [chairman: Sir Harold Wilson]. Evidence on the Financing of Industry and Trade. Volume 4: *National Enterprise Board, Finance for Industry Limited, Equity Capital for Industry.* HMSO, £2·50. ISBN 0 11 630698 X.

Committee to Review the Functioning of Financial Institutions. Evidence on the Financing of Industry and Trade. Volume 5: *Accepting Houses Committee, Committee of London Clearing Banks, Bank of England.* HMSO, £3·75. ISBN 0 11 630699 8.

International Labour Convention No 144 concerning tripartite consultations to provide the implementation of International Labour Standards adopted by the General Conference of the International Labour Organisation at its sixty-first session in Geneva on 21 June 1976. (The United Kingdom instrument of ratification was registered with the Director General of the International Labour Office on 15 February 1977 and the convention entered into force for the United Kingdom on 16 May 1978.) Cmnd 7164. HMSO, 25p. ISBN 0 10 171640 0.

Industrial Democracy (see p 217). Cmnd 7231. HMSO, 50p. ISBN 0 10 172310 5.

Jobcentres – an evaluation. Manpower Services Commission (MSC). The results of the evaluation show that Jobcentres (see p 440, 1974) place far more people in employment than both the employment offices they replaced and the offices that had not been modernised; they were also more cost-effective. In general, Jobcentres were well regarded by employers (who considered them an improvement on previous offices) and were seen as a real

improvement by people seeking jobs. Available from the MSC at Selkirk House, 166 High Holborn, London WC1V 6PF.

Work Permits in the Hotel and Catering Industry. The Parliamentary Under-Secretary of State for Employment, Mr John Grant, has announced that the special arrangements for the issue of work permits to overseas workers in the hotel and catering industry are to be discontinued. The ceiling of work permits for the industry has been progressively reduced since 1975 and permits are no longer issued for unskilled workers. Existing arrangements on work permits for domestic workers and nursing auxiliaries will remain the same for the time being. *Hansard*, 5.5.78, written answers, cols 300-2.

Certification Office for Trade Unions and Employers' Associations. Annual Report of the Certification Officer 1977. Available from the office at Vincent House Annexe, Hide Place, London SW1P 4NG.

Advisory Committee on Asbestos (see p 265, 1976):
First Report. Asbestos: Work on Thermal and Acoustic Insulation and Sprayed Coatings. HMSO, 50p. ISBN 0 11 883083 X.
Second Report. Asbestos: Measuring and Monitoring of Asbestos in Air. HMSO, £1. ISBN 0 11 883084 8.

A Review of Monopolies and Mergers Policy. A Consultative Document (see p 215). Cmnd 7198. HMSO, £2·85. ISBN 0 10 171980 9.

Monopolies and Mergers Commission: Rockware Group Limited/United Glass Limited/Redfearn National Glass Limited – A Report on the Proposed Mergers. The Commission concluded unanimously that the mergers would be against the public interest and should not go ahead. It considered that they might be expected to lead to diminished competition, the risk of less adequate provision of capacity in Britain to meet market demand, and, in the short term at least, the risk of increased imports. House of Commons Paper 431. HMSO, £1·35. ISBN 0 10 243178 7.

The Packaging Council. The Parliamentary Under-Secretary of State for Prices and Consumer Protection, Mr Robert Maclennan, has announced the setting up of the Packaging Council, an independent body, established following discussions between environmental and consumer groups and industry under the chairmanship of the Waste Management Advisory Council (see p 85, 1976). The Council will ensure that comments and complaints about packaging are dealt with responsibly and will also administer a code for the packaging of consumer goods which will form an agreed basis for good packaging practice in Britain. Its first chairman will be Lord Shepherd, chairman of the Medical Research Council and the Civil Service Pay Research Unit Board. Department of Prices and Consumer Protection press notice, 16.5.78.

Business Statistics Office. Report for 1977. The report looks at the need for reliable business statistics and the ways in which the burden of form-filling can be reduced, particularly for small businesses. Available free from The Library, Business Statistics Office, Cardiff Road, Newport, Gwent, NPT 1XG.

National Enterprise Board. Annual Report and Accounts 1977 (see p 227). Available from the Information Department, National Enterprise Board, 12-18 Grosvenor Gardens, London SW1W 0DW. £1·75.

British Aerospace. Annual Report and Accounts 1977 (see p 228). Available from the Publicity Department, British Aerospace, 100 Pall Mall, London SW1Y 5HR. £1·50. ISBN 0 906351 00 6.

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Ministry of Agriculture, Fisheries and Food, Research and Development Report 1976. HMSO, £1·50. ISBN 0 11 241141 X.

Agriculture in Scotland. Report for 1977. Department of Agriculture and Fisheries for Scotland. Cmnd 7185. HMSO, £1·50. ISBN 0 10 171850 0.

The Fishing Industry. Fifth Report from the Expenditure Committee. This report, based on the work of the House of Commons Expenditure Committee's Trade and Industry Sub-committee, examines the problems of the British fishing industry, including the effects of Britain's membership of the European Community, and makes a number of recommendations for government policy. HMSO, £2·35. ISBN 0 10 235678 5.

Britain's Fisheries in the European Community. COI, Factel No 669 (revised May 1978).

Food Research Institute. Report for 1976. Agricultural Research Council. Available from HMSO, £2. ISBN 0 7084 0058 2.

UK Food and Farming in Figures, 1978 Edition. A selection of statistics for the years 1960, 1970, 1976 and 1977. Available free of charge from the Ministry of Agriculture, Fisheries and Food (Publications), Tolcarne Drive, Pinner, Middlesex HA5 2DT.

The Surveillance of Food Contamination in the United Kingdom. Ministry of Agriculture, Fisheries and Food. The first report of the [interdepartmental] Steering Group on Food Surveillance. HMSO, 90p. ISBN 0 11 241157 6.

Food Standards Committee. Report on Water in Food. The report contains recommendations about the control of water used as an ingredient of food. HMSO, £1·50. ISBN 0 11 242105 9.

The Nation's Food – 40 Years of Change, L. J. Angel and G. E. Hurdle. Ministry of Agriculture, Fisheries and Food. An article based on food supply statistics. *Economic Trends,* April 1978. HMSO, £1·95. ISBN 0 11 724983 1.

The Importation of Bees Order 1978. This Order changes the regulations governing the import of honey bees into Great Britain. HMSO, 20p. ISBN 0 11 083683 9.

Report on Research and Development 1976-77. Energy Paper No 28. Department of Energy. HMSO, £1·75. ISBN 0 11 410648 7.

The British National Oil Corporation. Report and Accounts 1977 (see p 229). Available from BNOC, 150 St Vincent Street, Glasgow G2 5LJ.

UK Offshore Petroleum Production Licensing, Sixth Round: A Consultative Document. Contains the Secretary of State for Energy's proposals for the arrangements for the sixth round of offshore licensing. Two new features in the proposals are provisions enabling applicants to offer to the British National Oil Corporation (BNOC) or the British Gas Corporation an equity share in licences greater than the standard 51 per cent, and provisions to give applicants the opportunity of offering to meet all or part of BNOC's costs during the exploration and appraisal phase. Available free from The Library, Department of Energy, Thames House South, Millbank, London SW1P 4QJ.

Coal Technology: Future Developments in Conversion, Utilisation and Unconventional Mining in the United Kingdom (see p 219). Available free from The Library, Department of Energy, Thames House South, Millbank, London SW1P 4QJ.

The Development of Alternative Sources of Energy (see p 220). The Government's Reply to the Third and Fourth Reports from the Select Committee on Science and Technology, Session 1976-77. Cmnd 7236. HMSO, 40p. ISBN 0 10 172360 1.

National Bus Company. Annual Report 1977. NBC. HMSO, £1. ISBN 0 902950 09 6.

British Railways Board. Annual Report and Accounts 1977 (see p 228). BRB. HMSO, £1. ISBN 0 11 982663 1.

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Britain and International Scientific Co-operation. COI, R5814.

First Report of the Genetic Manipulation Advisory Group (see p 365, 1976). Cmnd 7215. HMSO, £1·60. ISBN 0 10 172150 1.

Ninety-fifth Report of the Comptroller-General of Patents, Designs and Trade Marks. House of Commons Paper 360. HMSO, £1. ISBN 0 10 236078 2.

Action on Safety and Pollution at Sea: New Merchant Shipping Bill (see p 221). Cmnd 7217. HMSO, £1·35. ISBN 0 10 172170 6.

Lead Pollution in Birmingham. A Report of the Joint Working Party on Lead Pollution around Gravelly Hill. Pollution Paper No 14. Department of the Environment Central Unit on Environmental Pollution. HMSO, £3·75. ISBN 0 11 751325 3.

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Commonwealth Development Corporation: Report and Accounts 1977. HMSO, £2·50. ISBN 0 10 903799 3. (See p 224.)

Social and Cultural Affairs

Third Report of the Standing Advisory Commission on Human Rights. Annual Report for 1976-77 (see p 196). HMSO, 50p. ISBN 0 10 219978 7.

The General Household Survey 1976. Based on a random sample of some 15,000 households in Great Britain, the Survey provides information on population, housing and migration, employment, education and health. This volume includes a special chapter on some of the social changes that have been recorded by the Survey between 1971 and 1976. HMSO, £10. ISBN 0 11 700827 3.

Population Projections 1976-2016. Population projections by sex, age and marital status for the United Kingdom and its constituent countries. HMSO, £2·75. ISBN 0 11 690674 X.

Trends in Mortality 1951-75. Contains a number of statistical studies of mortality in England and Wales. HMSO, £1·50. ISBN 0 11 690667 7.

Report of the Police Complaints Board, 1 June to 31 December 1977. The Police Complaints Board was set up by the Police Act 1976 as a way of introducing an independent element into the arrangements for dealing with complaints against policemen in England and Wales (see pp 38-9, 1976). HMSO, 50p. ISBN 0 10 235978 4.

Exchange of Letters between ... the United Kingdom ... and ... Canada further modifying the Arrangements of 1959 on Social Security. [The Exchange of Letters entered into force on 15 November 1977.] Cmnd 7171. HMSO, 15p. ISBN 0 10 171710 5.

Agreement between . . . the United Kingdom . . . and . . . the Federal Republic of Germany concerning the Waiving of the Reimbursement of the Costs of Benefits in Kind, provided for Sickness, Maternity, Accidents at Work and Occupational Diseases, of Unemployment Benefits and of the Costs of Administrative and Medical Controls. Cmnd 7153. HMSO, 25p. ISBN 0 10 171530 7.

European Convention on the Social Protection of Farmers. [Britain has not ratified the Convention.] Cmnd 7139. HMSO, 35p. ISBN 0 10 171390 8.

European Agreement on the Transmission of Applications for Legal Aid. [The United Kingdom Instrument of Ratification was deposited on 17 January 1978, and the Agreement entered into force for the United Kingdom on 18 February 1978.] Cmnd 7179. HMSO, 25p. ISBN 0 10 171790 3.

Health Service Commissioner. Annual Report for 1977-78. HMSO, 70p. ISBN 0 10 241778 4.

Special Educational Needs. The report of the Warnock committee of inquiry into the education of handicapped children and young people (see p 231). Cmnd 7212. HMSO, £5·65. ISBN 0 10 172120 X.

A Refuge for Battered Women: a Study of the Role of a Women's Centre. Written by Jan Pahl of the University of Kent and financed by the Department of Health and Social Security, this study deals with the setting up and development of a women's aid centre in Canterbury. HMSO, £1·25. ISBN 0 11 320350 0.

Agriculture and the Countryside. A report to the Minister of Agriculture, Fisheries and Food by the Advisory Council for Agriculture and Horticulture in England and Wales. Available from the Ministry of Agriculture, Fisheries and Food (Publications), Block C, Government Buildings, Tolcarne Drive, Pinner, Middlesex HA5 2DT. £1.

The Horserace Totalisator Board. Home Office observations on the second report from the House of Commons Select Committee on Nationalised Industries, Session 1976-77 (see p 327, 1977). Cmnd 7216. HMSO, 20p. ISBN 0 10 172160 9.

Wholesaling of Newspapers and Periodicals. A report by the Monopolies and Mergers Commission. Cmnd 7214. HMSO, £1·35. ISBN 0 10 172140 4.

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